

LEGISLATIVE BUDGET ANALYSIS 2005 BIENNIUM

Volume 2 - Revenue Estimates

As adopted by the
Revenue and Transportation
Interim Committee



STATE DOCUMENTS COLLECTION

January 2003

MAY 21 2003

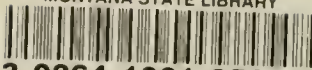
MONTANA STATE LIBRARY
1515 F. B. AVE.
HELENA, MONTANA 59615

LEGISLATIVE
FISCAL
DIVISION



www.leg.state.mt.us/css/fiscal/

MONTANA STATE LIBRARY



3 0864 1001 9566 1



Legislative Fiscal Report

2005 Biennium

Volume 2 – Revenue Estimates

Presented to the Fifty-eighth Legislature

Submitted by the
Legislative Fiscal Division

Helena, Montana
January 2003



Digitized by the Internet Archive
in 2010 with funding from
Montana State Library

Revenue and Transportation Interim Committee

Representative Ron Erickson, Chairman
Representative Robert Story Jr.
Representative Roger Somerville
Representative Jesse Laslovich
Representative Christine Kaufmann
Representative Ronald Devlin

Senator Bill Glaser, Vice Chairman
Senator Bob Depratu
Senator Mike Taylor
Senator Glenn Roush
Senator Jon Ellingson
Senator Vicki Cocchiarella

Staff Assignments

Legislative Fiscal Division

Terry Johnson	Roger Lloyd
Catherine Duncan	Jim Standaert
Mike Allen	

Legislative Fiscal Division



www.leg.state.mt.us/css/fiscal/

Revenue Estimates

Table of Contents

Revenue and Transportation Interim Committee.....	i
Table of Contents	ii
How to Use This Report.....	iv
Overview	1
Purpose of the Report	1
Montana Economic Outlook.....	1
Business Taxes.....	11
Corporation Income Tax.....	13
Driver’s License Fees	16
Estate Tax	20
Individual Income Tax.....	22
Insurance Tax & License Fees.....	29
Investment License Fee	31
Lodging Facility Use Tax	33
Motor Vehicle Fee.....	36
Public Contractors Tax	39
Railroad Car Tax	41
Telecommunications Excise Tax	43
Vehicle Tax	45
Natural Resource Taxes.....	49
Coal Severance Tax.....	51
Electrical Energy Tax	54
Metalliferous Mines Tax	56
Oil and Natural Gas Production Tax	60
Resource Indemnity Tax.....	64
US Mineral Royalty.....	67
Wholesale Energy Tax.....	70
Interest Earnings.....	73
Capital Land Grant Interest and Income	75
Coal Trust Interest	80
Common School Interest and Income	84
Cultural Trust Interest.....	89
Deaf and Blind Trust Interest and Income.....	93
Parks Trust Interest.....	98
Pine Hills Interest and Income.....	101
Regional Water Trust Interest.....	106
Resource Indemnity Trust Interest.....	109
Tobacco Trust Interest	113
Treasure State Endowment Trust Interest.....	116
Treasury Cash Account Interest.....	119

Revenue Estimates

Table of Contents (continued)

Consumption Taxes	121
Beer Tax	123
Cigarette Tax	126
Diesel Tax	129
Gasoline Tax	132
GVW and Other Fees	136
Liquor Excise and License Tax	138
Liquor Profits	141
Lottery Profits	143
Tobacco Tax	146
Video Gambling Tax	148
Wine Tax	151
Property Taxes	153
Property Tax 55 Mill	155
Property Tax 40 Mill	159
Property Tax 6 Mill	163
Property Tax 1.5 Mill	167
Non Levy Revenue	170
Other General Fund Revenue	177
All Other Revenue	179
Highway Patrol Fines	182
Nursing Facilities Fee	184
Public Institution Reimbursements	186
Tobacco Settlement	189
House Joint Resolution 2	193

How to Use This Report

The following report is arranged into six main revenue sections. Each section contains revenue sources that share common characteristics, have many of the same assumptions, and have common estimating methodologies. The six main sections are:

1. Business Taxes
2. Natural Resource Taxes
3. Interest Earnings
4. Consumption Taxes
5. Property Taxes
6. Other General Fund Revenue

The sections are marked by divider pages that list each revenue source within that section. The sources are arranged alphabetically within each section.

The report contains profiles of each revenue source estimated by the Revenue and Transportation Interim Committee. Nine categories of information are provided for each source. These categories and a short description of each follow:

Revenue Description: A brief description of the source is provided including the origin of the revenue and, in the case of taxes and fees, the item that is taxed.

Applicable Tax Rate(s): This section provides an explanation of the tax rate or license fee, more detail on the items that are taxed, and other information such as exemptions, minimums, initial versus annual fees, etc.

Distribution: This section shows how the revenue is distributed. In cases where uses or entities other than general fund receive a portion of the revenue, percentage distribution or the dollar amount is shown for each recipient.

Statute: These are the citations from the Montana Code Annotated (MCA) applicable to the revenue source.

% of Total FY 2002 General Fund Revenue: To give the reader an idea of the size of a particular revenue source, its percentage of total fiscal 2002 general fund revenue is provided.

Revenue Projection: This section consists of a graph and accompanying data table. The line graph shows the amount of actual collections and the projected amounts for fiscal years 2003, 2004, and 2005. Total collections are depicted by a dark line while general fund collections are shown by a lighter line. The data table contains historic information about this data source since 1979 including: 1) actual total collections; 2) actual general fund collections; 3) projected total and general fund amounts for fiscal 2003, 2004, and 2005; and 4) the yearly percentage change in general fund.

Forecast Methodology: This section includes a flow chart illustrating a simplified diagram of the methodology used to determine the revenue estimates.

Distribution Methodology: This section includes a flow chart illustrating a simplified diagram of how the revenue received from the source is distributed in the state accounting system.

Revenue Estimate Assumptions: The data in these tables provide the primary assumptions used to derive the revenue estimates. The tables also show the revenue estimates for fiscal years 2003, 2004, and 2005, the estimated general fund amount, and, if applicable, distributions to other funds or uses.

The remaining portion of this document is the Revenue and Transportation Interim Committee's revenue estimates by revenue source.

OVERVIEW

Purpose
Montana Economic Outlook



Purpose of the Report

As delineated in Section 5-18-107(1) (a), MCA, the Revenue and Transportation Interim Committee (RTIC) is required to prepare "an estimate of the amount of revenue projected to be available for legislative appropriation." In addition, sections 5-12-302(2) and 5-12-307(7) specifically require the Legislative Fiscal Analyst (LFA) to "estimate revenue from existing and proposed taxes" and also requires the LFA to "assist the revenue and transportation committee in performing its revenue estimating duties..."

The purpose of this report is to document the RTIC recommendations regarding anticipated revenues for fiscal 2003 through 2005. It should be noted that the accompanying RTIC estimates are based on current federal and state laws and do not include estimates for revenues due to litigation or any other pending legal issues. This position is consistent with past recommendations of the RTIC.

This upcoming legislative session is probably the most difficult budget situation the state has faced in a number of years. Not only are anticipated revenues significantly below the level of funding needed to fund "present law" services, the projected ending fund balance for the current biennium is very close to the statutory minimum as defined in 17-7-140, MCA. Because this balance is so low, the legislature will not be able to use previous excess fund balances to help balance the 2005 biennium budget.

In addition, the current economic uncertainty facing the national as well as world economies is significant. A sluggish national economy combined with the continued threat of terrorism attacks and a potential US war with Iraq makes the job of developing prudent revenue estimates an extremely difficult task. Artificially low estimates may cause the legislature to reduce state services that fall below the legislature's priority line. Estimates that are too high may create the temptation for the legislature to fund state services that the state cannot afford. Obviously, the last scenario would result in spending reductions by the executive and/or a special session.

Montana Economic Outlook

Montana state government, like any other business, is influenced by economic and demographic developments. For example, Montana's economic base as well as the strength of the U.S. economy determines the level of revenues collected from personal and corporate income taxes, property taxes, natural resource taxes, and investment earnings. Similarly, both economic and demographic variables affect state government disbursements for education, human services, corrections, and other governmental services.

Montana's total revenue base is comprised of a number of taxes and fees plus numerous federal reimbursements or grants. Revenues are further enhanced from the investment of trust monies and idle cash pending disbursement from the state treasury. Since individual income tax is the state's largest general fund tax source, economic developments or trends in the areas of employment and income levels significantly influence available revenues to fund governmental services. Federal revenue correspondingly is used to fund a number of human service, transportation, and educational services. In a number of instances, general or state special revenue fund dollars are required to provide a state match before the federal funds can be disbursed.

Conversely, Montana's total expenditure base is targeted toward educational and human service programs with a significant allocation to highway construction. Education and human service costs are driven by some of the same economic and demographic conditions that influence state revenues. If employment levels increase, this usually translates to an increase in population or a reduction in unemployment levels. With population increases comes a corresponding increase in educational and human service costs. A greater population requires a better transportation system not only for the general populace but also for the businesses that expect to expand to meet the needs of an ever-growing population.

The 1990's were generally good years for Montana's economy. With a few exceptions, Montana experienced above average employment and wage levels that translated into strong tax revenue growth. This revenue growth was further enhanced by the significant increase in the equity markets and the resulting growth in capital gains income. The future, however, does not look as good as the effects of a national economic recession, terrorism threats, and mid-east tensions play havoc on the US economy. All of these factors continue to weigh on the minds of investors, which is reflected by the bearish mood on Wall Street.

During calendar 2001, the Federal Reserve Board (FED) reduced interest rates 12 times in an attempt to stimulate the US economy. On November 6th, the FED reduced interest rates further with an additional half point reduction. Many economists are now suggesting that the interest rate reductions may have little affect on the economy, since many businesses are reluctant to invest in business expansion and possess minimal control to increase prices. Many of the earnings reports issued by major US companies show slow growth and reduced revenues as the result of a sluggish economy.

These trends translate to a similar slow-down in Montana's economy. Montana's economy is highly dependent on agriculture, tourism, natural resource extraction, and mining. All of these industries produce residual wholesale/retail trade and service sector jobs. If the basic industries are not flourishing, other sectors suffer as well. And if Montana's economy slows, tax revenue growth usually follows

the trend because of the state's dependence on income tax revenues.

The irony of an economic slowdown is the inverse effect it may have on state expenditures. For example, if unemployment increases, this may translate into a greater demand for human service benefits and a greater need for correctional facilities and services. During a period when revenue growth is slowing, governmental service demands may actually increase at a faster rate.

The revenue estimates as adopted by the RTIC are based on a slowing economy through calendar 2003 with a gradual recovery by calendar 2005 at both the national and state levels. This general premise is supported by testimony received on October 14, 2002. The RTIC set aside part of a scheduled meeting to hear from Andrew Hodge, Global Insight (DRI/WEFA), Dr. Paul Polzin, Bureau of Business and Economic Research, Dr. Myles Watts, Department of Agricultural Economics, Montana State University, and James Stack, Investor Broker with InvesTech Research. Each of these economic experts provided the committee with their outlook on various aspects of the state and national economies.

The economic outlook for the state is very fragile at this time. Employment and wage indicators continue to support slow growth in the near-term with the prospect of a gradual recovery by 2005. Capital gains income is expected to further erode during calendar 2002 and 2003 with a return to pre-technology exuberance trends for calendar 2004 and 2005. While interest rates are at historic lows, corporate profits are expected to remain soft. Property values are expected to increase due to reappraisal. The 58th Legislature, however, may need to address this issue depending on the magnitude of the increases. The effects of lower interest rates may have some beneficial impacts on economic growth at the expense of reduced state revenues from investments

General Fund Revenue Implications

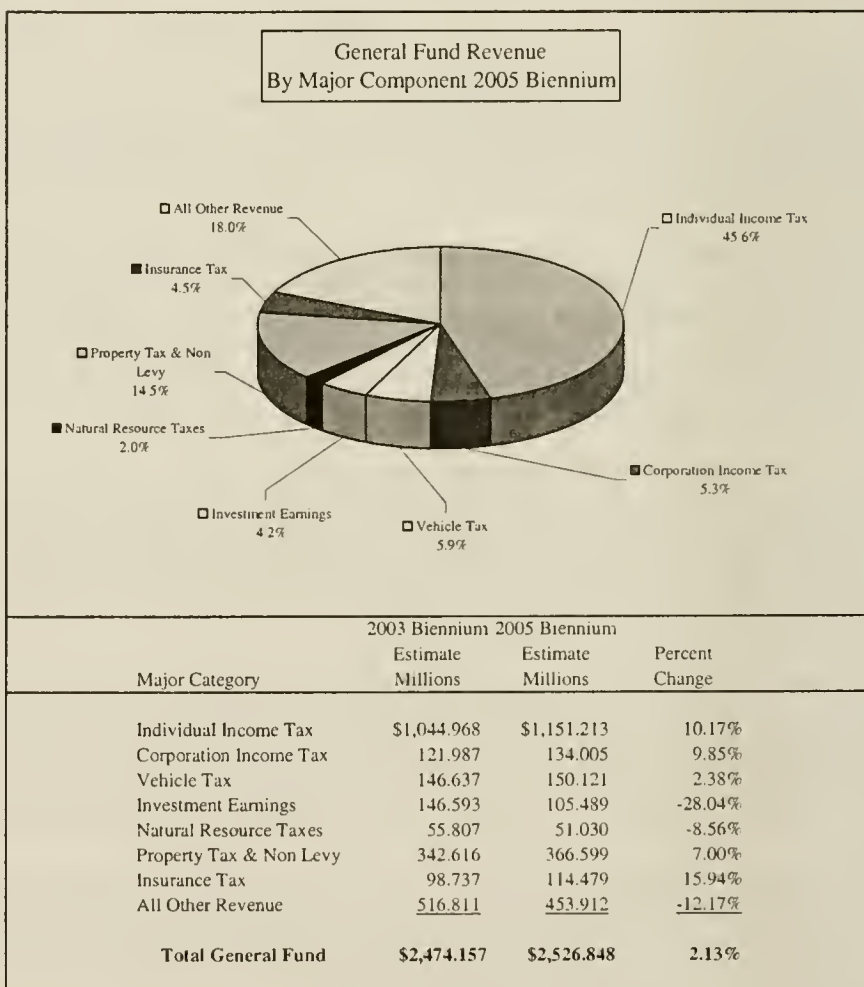
Montana's fiscal outlook for revenue growth is less optimistic than in previous biennia. The key economic assumptions targeted as most affecting state government receipts are Montana total income, employment, and population levels, inflation rates, corporate profits, property values, interest rates, and energy prices.

As shown in the figure at the right, individual income tax, corporation income tax, property tax, vehicle tax, and investment earnings are expected to contribute over 75 percent to the total general fund revenue stream during the 2005 biennium. Total general fund revenues for the 2005 biennium are projected to increase 2.4 percent over the 2003 biennium projections. The comparative change by major revenue category is shown at the bottom of the figure.

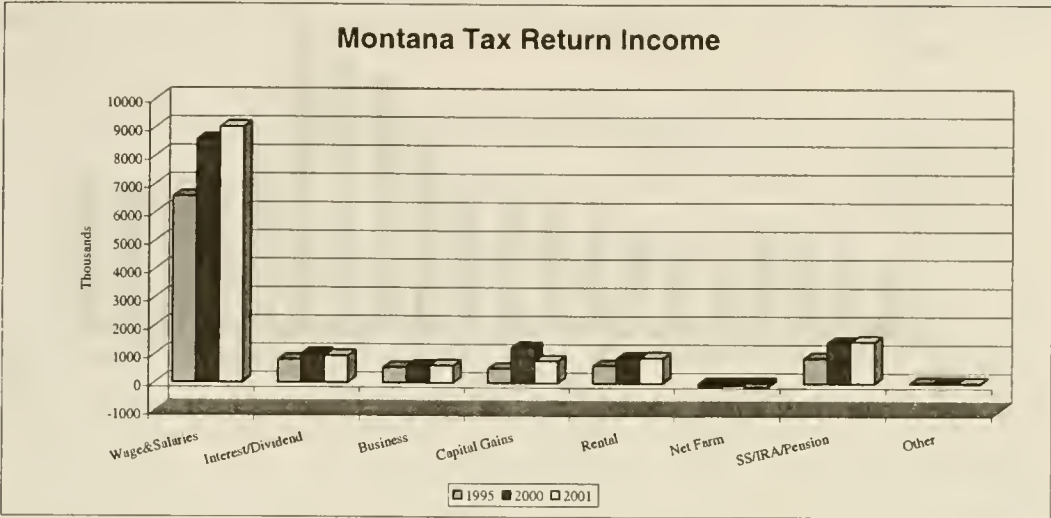
The next section of the report highlights the significant economic assumptions used by the RTIC to develop the revenue estimate recommendations contained in this document. Each assumption is discussed and is graphically portrayed to give the reader a perspective of the historical trend versus the forecast amount.

Montana Total Income

The total of all income sources listed on the Montana personal income tax form is referred to as Montana total income. The Department of Revenue tracks income from 11 different components, including wages, interest, dividends, business, capital gains, supplemental, rental, farm, social security, IRA and pension, and other incomes. Montana total income is the single most important variable to consider in the revenue estimation process. Of the 11 income items, wage and salary income provides the largest portion of Montana

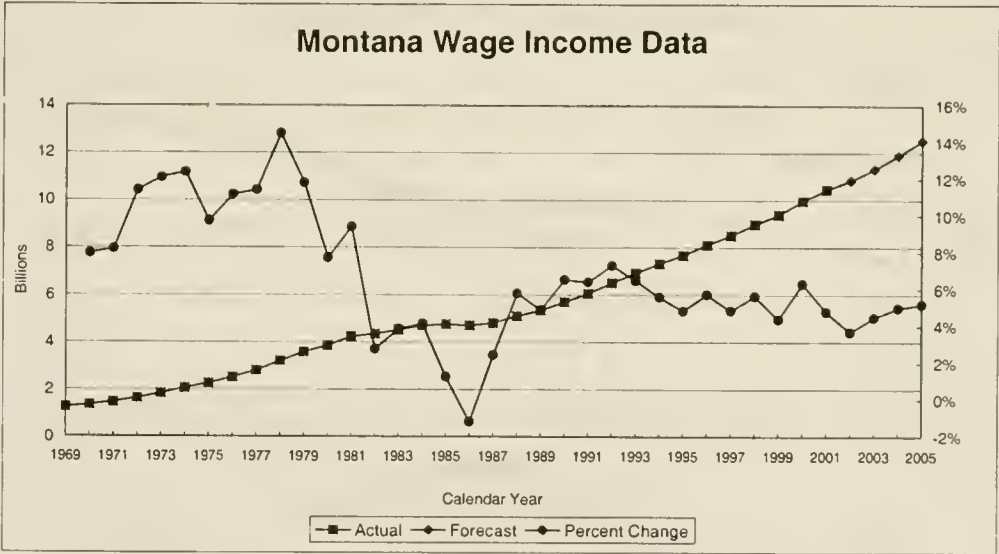


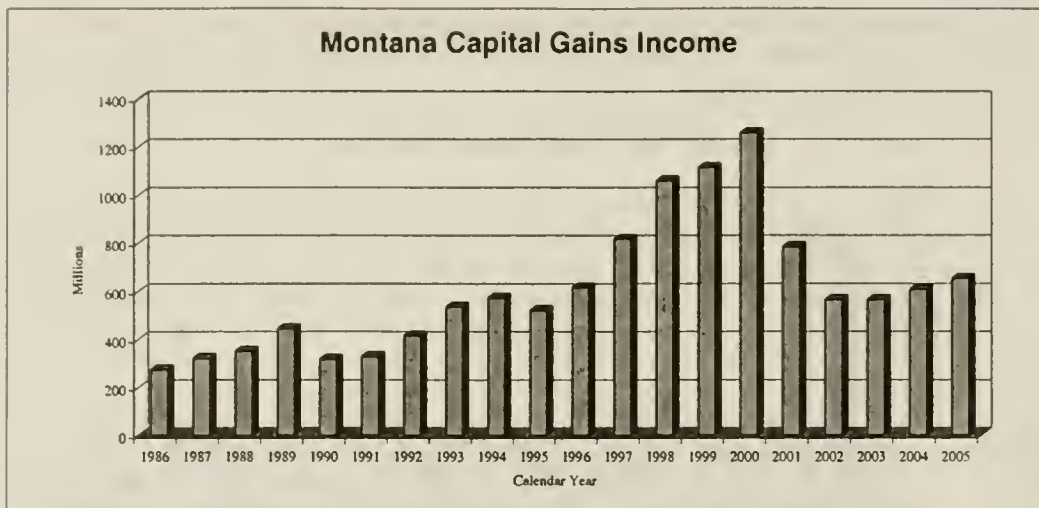
total income. Since 1990, wage and salary income has contributed an annual average of 65.2 percent of total income. In calendar 2001, it contributed 65.8 percent, or \$9.013 billion. The average annual growth from calendar 1990 to 2001 has been 5.5 percent.



In recent times, capital gains income has been the focus of much conversation and speculation. Capital gains income has increased in relative importance over the decade. In 1990, capital gains made up only 4.2 percent of total income, with reported income of \$318 million. In 2000, capital gains contributed 9.2 percent of total income, at \$1.260 billion. In 2001, capital gains receded to 5.7 percent of total income, with income at \$786 million. That equates to a reduction of over 37.6 percent over the previous year, or \$474 million in income.

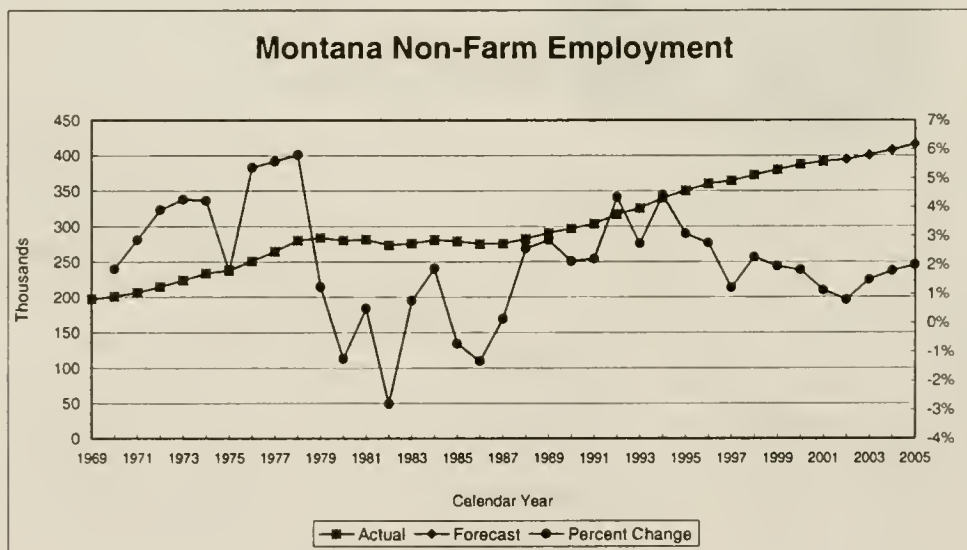
For the 2005 biennium, growth in wages and salaries is expected to be slow in calendar 2002 and 2003, while gradually increasing to about 5 percent by calendar 2005. Capital gains is projected to decline an additional 28 percent in calendar 2002 and remain flat in calendar 2003, For the last two years of the biennium, capital gains are estimated to rebound to a historic growth rate of 7.5 percent per year.





Montana Employment

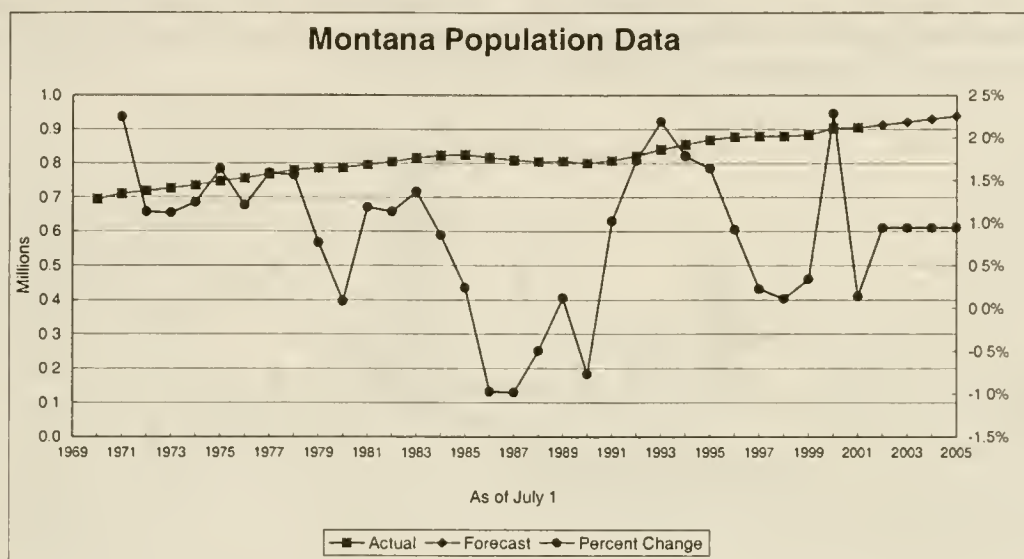
Like personal income, employment plays a key role in shaping the estimate of the individual income tax revenues. Furthermore, the information allows a view into the changing employment climate in Montana, where jobs are migrating, and how incomes might be altered. Dr. Paul Polzin, Director of the Montana Bureau of Business and Economic Research, is one of the several sources that provide information concerning the changing industrial make up of the state. Specific detailed data is gathered from the Montana Department of Labor, Research and Analysis Division. The statistics collected include employment in manufacturing, mining, construction, public utilities, whole and retail, finance, insurance, real estate, services, and government sectors. Average annual growth since 1996 has been 2.0 percent. The estimates for future growth, during the forecast period, reflects a gradual increase of 0.8 percent in calendar 2002 to 1.8 percent by calendar 2005. Over the past decade, the largest area of growth was seen in construction employment, which experienced 98.1 percent positive growth. The service sectors follows, experiencing 55.4 percent growth in the same period. Mining is the only area that saw negative growth, with a workforce reduction of 12.7 percent since 1990.



Montana Population

Population statistics are used to develop estimates for many of the revenue sources including beer, wine, liquor, and cigarette taxes. In addition to those sources where population has a direct effect, the size of the population indirectly affects the profitability of all businesses and the employment levels statewide. Accurate population estimates are especially important when determining the changes expected in overall and per capita income for the state.

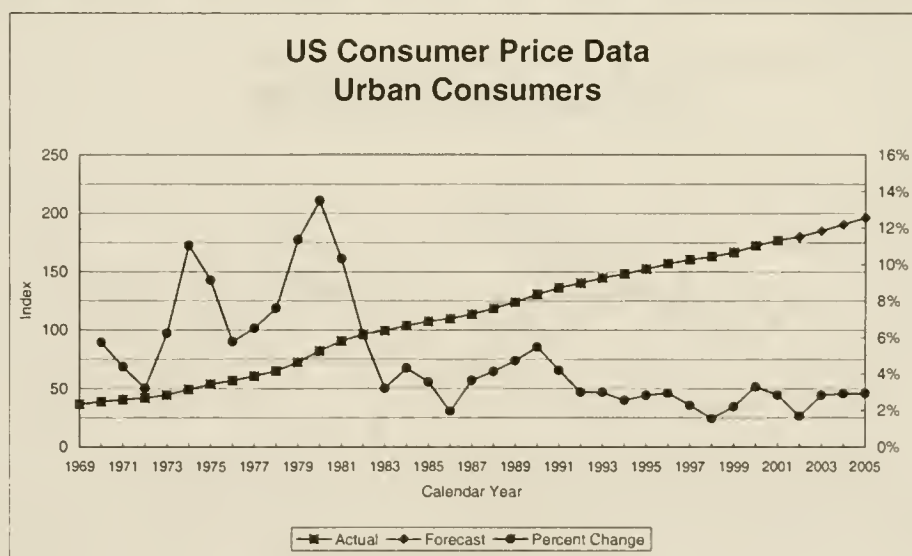
Consumption of any given item is highly reliant upon the size of the population, so accurate population forecasts are essential when determining tax revenues from the sources mentioned above. Historic population data is gathered from the U.S. Census department while projections are obtained from Woods and Poole Econometric Service. Since the early 1990's, Montana has experienced positive growth in total population varying between 0.1 percent in 1998 to 2.3 percent in 2000. Growth through the next biennium is estimated at 0.9 percent annually.



Inflation Rates

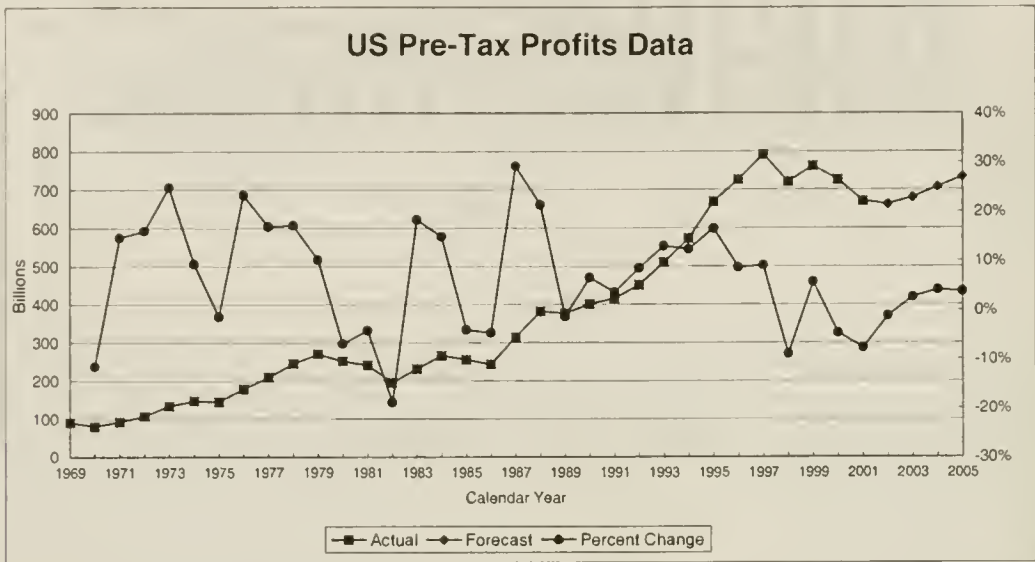
The inflation rate is measured by the price change of the Consumer Price Index (CPI) “shopping basket” of goods and services. Inflation is noted to have both good and bad effects. As prices rise, businesses increase prices and tend to become more profitable. At the same time, the consumer realizes a reduction in disposable income and spends less. Several areas where this information is vital in determining costs include minerals, timber, energy resources, and most services.

Since Montana's individual income tax structure is fully indexed by changes in the consumer price index, this assumption is critical in the formulation of the individual income tax forecasts. The U.S. Bureau of Labor Statistics provides the required CPI data for the all-urban customers data set. Since 1990, the average annual rate of inflation has been 3.0 percent. Global Insight Co. (formerly DRI-WEFA) estimates inflation during the next biennium at an average annual rate of 2.9 percent.



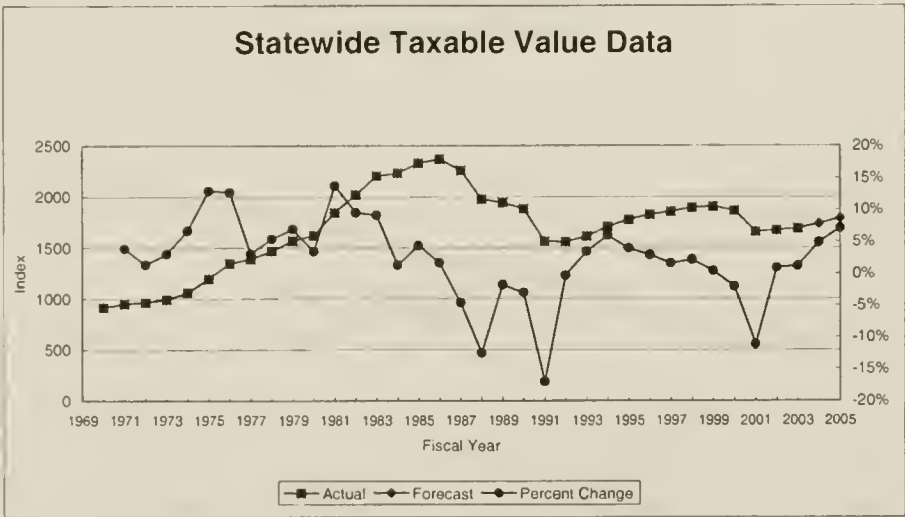
Corporate Profits

The profitability of corporate America is an important factor in estimating the revenues from the corporate license tax. There is a significant relationship between the profits reported by US corporations and those taxed in Montana. Many of the large corporations operating in Montana are multi-state entities. During the most recent years, the reduction of corporate profits has translated to lower corporate license tax collections. According to Global Insight, between 1990 and 1997, US corporation pre-tax profits increased by an annual average of 9.8 percent. However, from 1998 through 2001, profits have decreased by an average of 3.9 percent, the greatest decrease of 7.7 percent occurring in 2001. The reduction in corporate profits is projected to continue through 2002, at which time the outlook of corporate profitability is expected begin a phase of slow improvement.

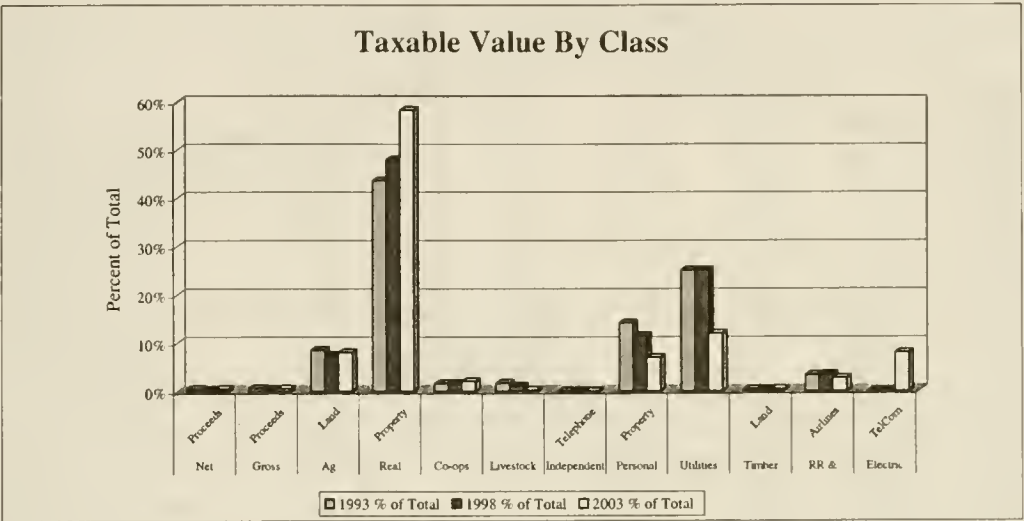


Property Values

Change in statewide property values is the critical assumption behind the estimates for property taxes. Historic property values are obtained from the Montana Department of Revenue. Total statewide taxable value increased slowly during the first part of the 1990's but fell in both fiscal 2000 and 2001. This decline was primarily due to business equipment tax changes enacted by previous legislatures. Other reductions occurred in electrical generating and telecommunication property. Estimates for the 2005 biennium show that statewide property values will resume a slow upward trend during the next biennium. Since detailed information on the effects of property reappraisal will not be available from the Department of Revenue until December, the 2005 biennium forecasts do not include the potential impacts of reappraisal.



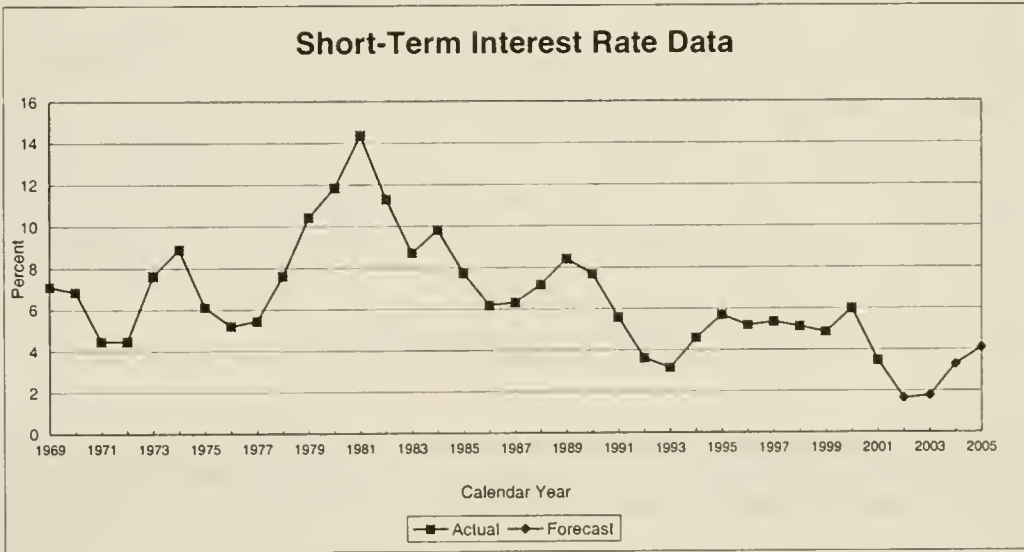
Significant changes have taken place in statewide property values since fiscal 1998. In that year, 48.0 percent of total statewide value was in class 4, residential and commercial property, and 11.5 percent of total value was in class 8, business equipment personal property. In fiscal 2003, the class 4 taxable value is expected to make up 58.4 percent of the total property tax base, while class 8 will be only 7.0 percent of the base.

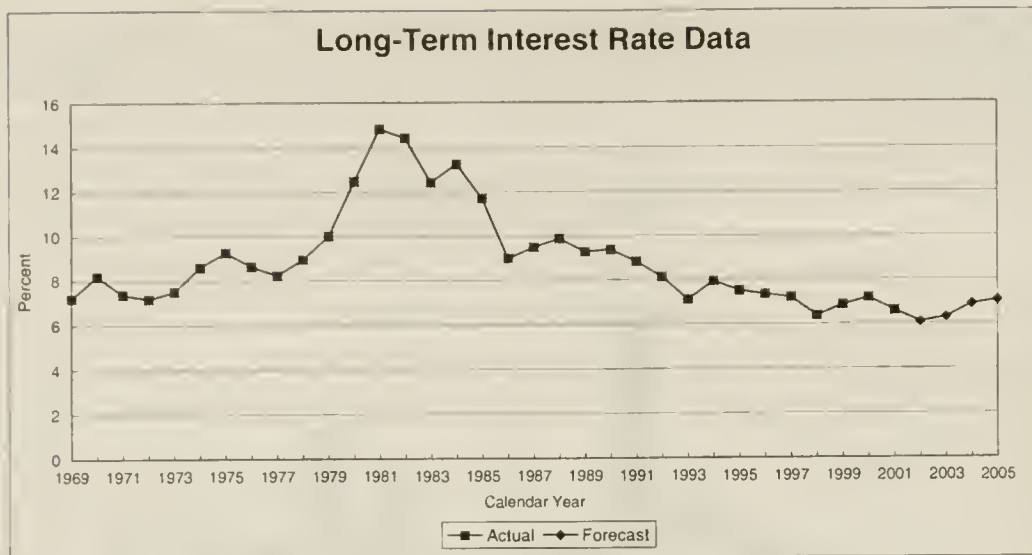


Interest Rates

A large portion of Montana’s revenues is derived from investment earnings from trust accounts and daily cash. Interest rates also affect the amount of investment income that is reported on individual income tax returns. As such, interest rates are a significant assumption when estimating future state revenues.

In addition to the state revenue impact, interest rates are fundamental in understanding the climate in which consumers and businesses are likely to make investments and large purchases. While low interest rates produce less revenue for Montana’s trust and interest holdings, higher income tax earnings might be expected as construction and sales activities increase. Two types of interest rates, long and short term, are estimated and used in determining future revenues. Both rates are an average across a selection of investment instruments. The forecasted rates are obtained from Global Insight. Long-term rates are an average of Corporate Aaa and Baa bonds, 10 year T bonds, and 30 year T bonds. Short term rates are an average of 3 and 6 month Corporate paper and 3 and 6 month T bills. Long and short term interest rates have been on the decline since January 2001, when the Federal Reserve began reducing the discount rate. Rates are expected to reverse and begin an upward trend during the forecast period.





Energy Prices

Energy prices are very important to Montana's economy. Montana's rich bounty of energy land holdings plays an important part in the state's employment and economic stability. Additionally, the taxation of those commodities adds significant revenues to the state's coffers. Coal, oil, and natural gas production are each taxed on the value of production. Global Insight supplies information on coal, oil, and natural gas prices. Among the specific energy price indexes forecast by Global Insight are the *U.S. Refiner's Acquisition Price*, the *U.S. Minemouth Coal Price* and the *West Texas Oil Price*. This information plus conversations with industry experts is used to develop Montana's energy prices.

Since 1990, the price of Montana coal has decreased 16.3 percent, oil has increased by 5.8 percent, and natural gas has increased by 123.5 percent. Estimates show a slow decline in the prices of all three of these commodities during the forecast period.

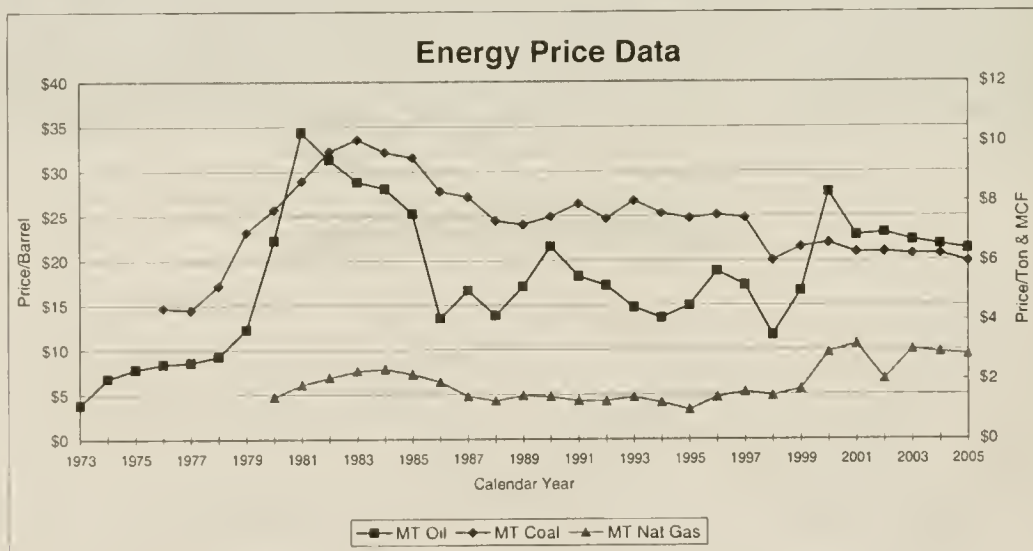


Figure 1 and 2 show the RTIC general fund and non-general fund revenue recommendations for fiscal years 2003, 2004, and 2005. These recommendations are based on the major assumptions as discussed above. From an economic perspective, these estimates reflect continuing slow growth in calendar 2002 and 2003 with a gradual recovery to more historic levels by calendar 2005.

Figure I
Revenue and Transportation Interim Committee Recommendations
General Fund Revenue Estimates
In Millions

Source of Revenue	Percent of Total	Actual Fiscal 2002	Estimated Fiscal 2003	Estimated Fiscal 2004	Estimated Fiscal 2005	Estimated Fiscal 02-03	Estimated Fiscal 04-05	Cumulative % of Total
1 Individual Income Tax	40.89%	\$517.568	\$527.400	\$556.874	\$594.339	\$1,044.968	\$1,151.213	42.23%
2 Property Tax	13.38%	169.339	173.277	180.179	186.420	342.616	366.599	56.07%
3 Corporation Income Tax	5.39%	68.173	53.814	64.782	69.223	121.987	134.005	61.00%
4 Vehicle Tax	5.78%	73.127	73.510	74.540	75.581	146.637	150.121	66.93%
5 Common School Interest and Income	3.87%	48.938	0.000	0.000	0.000	48.938	0.000	68.91%
6 Insurance Tax & License Fees	3.74%	47.291	51.446	56.038	58.441	98.737	114.479	72.90%
7 Coal Trust Interest	2.97%	37.605	36.825	37.249	37.920	74.430	75.169	75.91%
8 US Mineral Royalty	1.56%	19.772	22.715	23.469	22.980	42.487	46.449	77.62%
9 All Other Revenue	3.41%	43.216	25.808	18.783	18.877	69.024	37.660	80.41%
10 Tobacco Settlement	1.47%	18.647	19.025	3.105	3.182	37.672	6.287	81.93%
11 Telecommunications Excise Tax	1.55%	19.594	20.100	20.701	21.674	39.694	42.375	83.54%
12 Video Gambling Tax	3.45%	43.666	44.417	44.755	45.811	88.083	90.566	87.10%
13 Treasury Cash Account Interest	0.98%	12.414	11.200	14.060	17.331	23.614	31.391	88.05%
14 Estate Tax	1.09%	13.816	10.153	7.516	4.625	23.969	12.141	89.02%
15 Oil & Natural Gas Production Tax	1.02%	12.902	16.043	14.600	14.469	28.945	29.069	90.19%
16 Motor Vehicle Fee	2.15%	27.271	27.703	28.368	29.049	54.974	57.417	92.41%
17 Public Institution Reimbursements	1.13%	14.283	15.541	13.939	14.046	29.824	27.985	93.62%
18 Coal Severance Tax	0.67%	8.469	10.221	8.384	7.857	18.690	16.241	94.37%
19 Liquor Excise & License Tax	0.75%	9.514	9.854	10.239	10.624	19.368	20.863	95.16%
20 Cigarette Tax	0.62%	7.887	7.870	7.764	7.667	15.757	15.431	95.79%
21 Investment License Fee	0.39%	4.992	4.567	4.613	4.659	9.559	9.272	96.18%
22 Lottery Profits	0.59%	7.467	6.210	6.255	6.318	13.677	12.573	96.73%
23 Liquor Profits	0.44%	5.600	5.637	5.399	5.365	11.237	10.764	97.19%
24 Nursing Facilities Fee	0.47%	5.918	5.723	5.670	5.624	11.641	11.294	97.66%
25 Foreign Capital Depository Tax	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	97.66%
26 Electrical Energy Tax	0.33%	4.197	4.329	4.408	4.483	8.526	8.891	98.00%
27 Metalliferous Mines Tax	0.26%	3.329	4.842	2.967	2.753	8.171	5.720	98.33%
28 Highway Patrol Fines	0.32%	4.062	4.142	4.224	4.308	8.204	8.532	98.66%
29 Public Contractors Tax	0.26%	3.267	2.679	3.354	3.356	5.946	6.710	98.90%
30 Wholesale Energy Tax	0.23%	2.906	3.373	3.432	3.492	6.279	6.924	99.16%
31 Tobacco Tax	0.17%	2.183	2.262	2.353	2.444	4.445	4.797	99.34%
32 Driver's License Fee	0.20%	2.580	2.355	2.373	2.391	4.935	4.764	99.53%
33 Railroad Car Tax	0.12%	1.490	1.577	1.688	1.681	3.067	3.369	99.66%
34 Wine Tax	0.10%	1.232	1.264	1.283	1.302	2.496	2.585	99.76%
35 Beer Tax	0.22%	2.784	2.918	3.058	3.205	5.702	6.263	99.99%
36 Telephone License Tax	0.02%	0.212	0.033	0.000	0.000	0.245	0.000	100.00%
37 Long Range Bond Excess	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	100.00%
Total General Fund	100.00%	\$1,265.713	\$1,208.833	\$1,236.422	\$1,291.497	\$2,474.546	\$2,527.919	100.00%

Figure 2
Revenue and Transportation Interim Committee Recommendations
Non-General Fund Revenue Estimates
In Millions

Source of Revenue	Percent of Total	Actual Fiscal 2002	Estimated Fiscal 2003	Estimated Fiscal 2004	Estimated Fiscal 2005	Estimated Fiscal 02-03	Estimated Fiscal 04-05	Cumulative % of Total
1 Diesel Tax	17.83%	\$58.261	\$59.180	\$60.041	\$60.903	\$117.441	\$120.944	18.14%
2 Federal Forest Receipts	4.12%	13.475	13.583	13.775	13.976	27.058	27.751	22.30%
3 Gasoline Tax	40.32%	131.731	132.446	133.185	133.918	264.177	267.103	62.35%
4 GVW and Other Fees	8.35%	27.266	27.037	26.729	26.377	54.303	53.106	70.32%
5 Lodging Facility Use Tax	3.64%	11.901	12.441	13.005	13.595	24.342	26.600	74.30%
6 Resource Indemnity Tax	0.67%	2.201	1.080	1.055	1.062	3.281	2.117	74.62%
7 Arts Trust Interest	0.09%	0.305	0.314	0.322	0.337	0.619	0.659	74.72%
8 Capital Land Grant Interest and Income	0.34%	1.101	0.827	0.822	0.613	1.928	1.435	74.94%
9 Deaf & Blind Interest and Income	0.09%	0.284	0.292	0.295	0.298	0.576	0.593	75.02%
10 Parks Trust Interest	0.34%	1.106	1.114	1.127	1.153	2.220	2.280	75.37%
11 Pine Hills Interest and Income	0.11%	0.355	0.348	0.358	0.363	0.703	0.721	75.47%
12 RIT Trust Interest	2.24%	7.321	7.376	7.377	7.379	14.697	14.756	77.69%
13 TSE Trust Interest	2.08%	6.805	7.201	7.871	8.472	14.006	16.343	80.14%
14 Property Tax: 6 Mill	3.61%	11.806	11.627	11.989	12.292	23.433	24.281	83.78%
15 Property Tax: 9 Mill	0.09%	0.286	0.000	0.000	0.000	0.286	0.000	83.78%
16 Tobacco Trust Interest	0.30%	0.968	1.741	2.464	3.253	2.709	5.717	84.64%
17 Regional Water Trust Interest	0.20%	0.643	1.151	1.404	1.670	1.794	3.074	85.10%
18 Common School Interest and Income	15.57%	50.875	51.175	49.745	49.631	102.050	99.376	100.00%
Total Non-General Fund	100.00%	\$326.689	\$328.933	\$331.564	\$335.292	\$655.622	\$666.856	100.00%

BUSINESS TAXES

Corporation Income Tax
Driver's License Fees
Estate Tax
Individual Income Tax
Insurance Tax & License Fees
Investment License Fees

Lodging Facility Use Tax
Motor Vehicle Fees
Public Contractors Tax
Railroad Car Tax
Telecommunications Excise Tax
Vehicle Tax





Legislative Fiscal Division

Revenue Estimate Profile Corporation Income Tax

Revenue Description: The corporation income tax is a license fee levied against a corporation's net income earned in Montana. The corporation income tax is imposed on corporations that, for reasons of jurisdiction, are not taxable under a license tax. The revenue from Montana's corporation license tax is correlated closely with profits from corporations in the rest of the country. Additional factors that affect corporation license tax receipts include tax credits and the audit efforts by the Department of Revenue. As with individual income tax, all forecasts are adjusted for allowable credits.

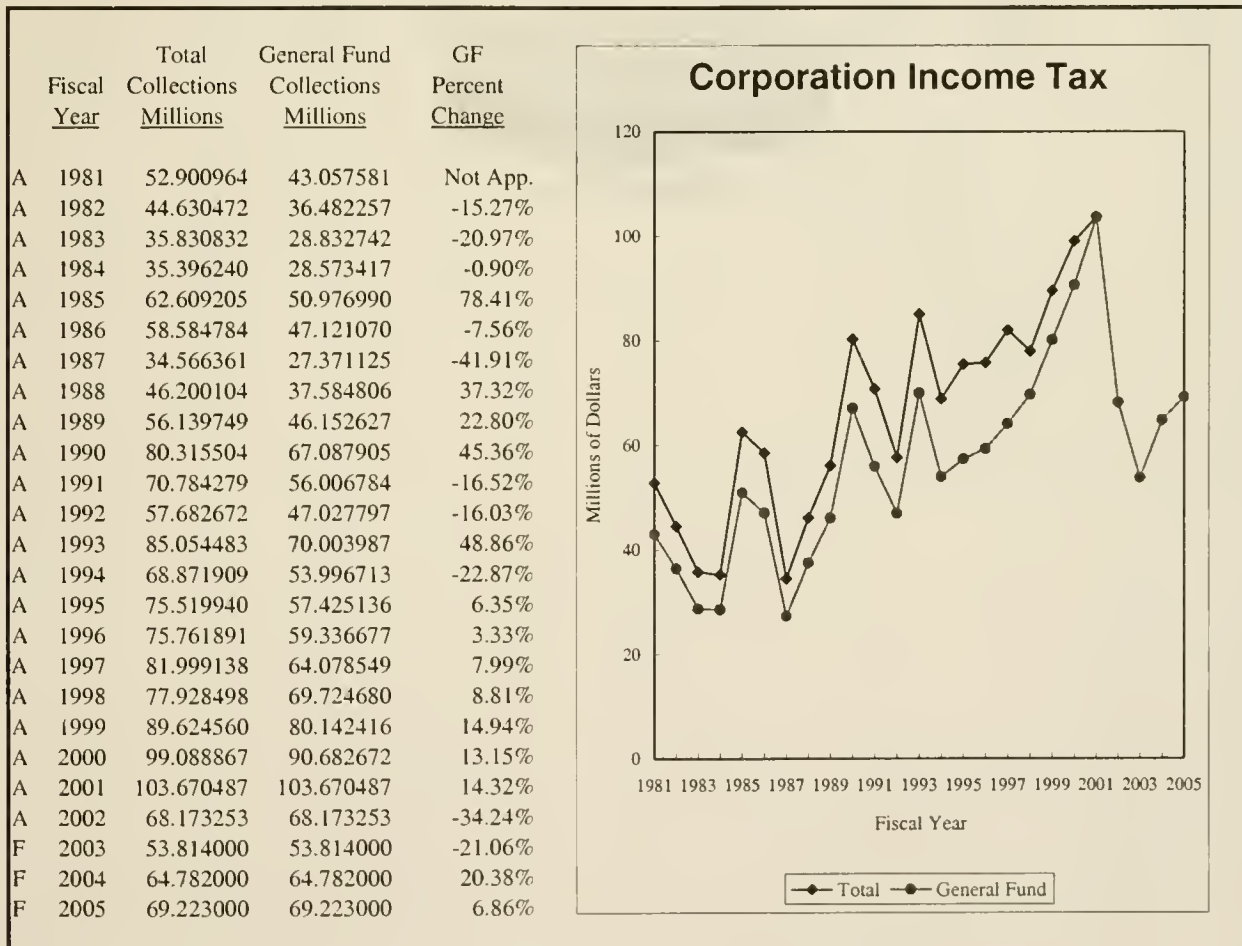
Applicable Tax Rate(s): The tax rate is 6.75%, except for corporations making a "water's edge" election (see 15-31-322, MCA), who pay a 7.0% tax on their net income.

Distribution: All corporation taxes are distributed to the general fund.

Statute: Title 15, Chapter 31, MCA

% of Total FY 2002 General Fund Revenue: 5.39%

Revenue Projection:

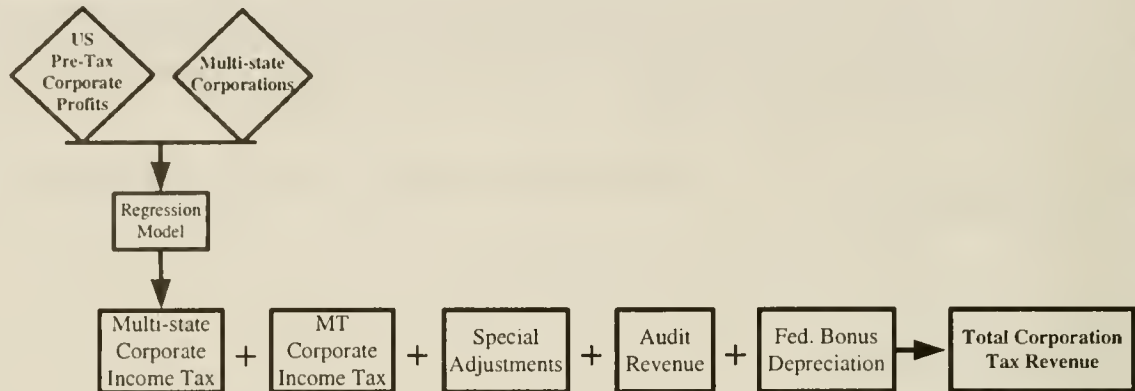


Legislative Fiscal Division

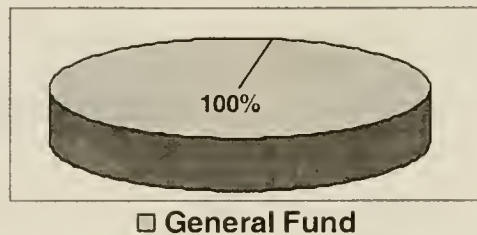
Revenue Estimate Profile

Corporation Income Tax

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile Corporation Income Tax

Revenue Estimate Assumptions

	t	Total	GF Tax	US Profits	Tax	Montana	Multi-State
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Billions</u>	<u>Rate</u>	<u>Corporations</u> <u>Millions</u>	<u>Corporations</u> <u>Millions</u>
Actual	2000	99.088867	90.682672	744.200000	0.067500		
Actual	2001	103.670487	103.670487	698.300000	0.067500		
Actual	2002	68.173253	68.173253	666.200000	0.067500		
Forecast	2003	53.814000	53.814000	761.500000	0.067500	18.406801	44.907402
Forecast	2004	64.782000	64.782000	794.000000	0.067500	18.406801	45.874959
Forecast	2005	69.223000	69.223000	819.600000	0.067500	18.406801	46.635925

	t	Total	Total	P&I	Audit	Depreciation	Adjustments
	<u>Fiscal</u>	<u>Millions</u>	<u>Financials</u> <u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	99.088867	10.507744	0.661232	1.424267		
Actual	2001	103.670487	0.000000	0.000000	6.500000		
Actual	2002	68.173253	0.000000	1.658539	4.257364		
Forecast	2003	53.814000	0.000000	0.000000	4.500000	-5.000000	-9.000000
Forecast	2004	64.782000	0.000000	0.000000	4.000000	-3.500000	0.000000
Forecast	2005	69.223000	0.000000	0.000000	3.500000	0.680000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Description: A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays a fee. The fees are collected by Department of Justice, Motor Vehicle Division staff or county treasurers and are forwarded to the state treasurer for deposit. The fees included in this source are from regular driver's licenses, commercial driver's licenses, motorcycle endorsements, and duplicate driver's licenses.

Applicable Tax Rate(s): Driver's license fees are:

- driver's license, except a commercial driver's license - \$4.00 per year or fraction of a year
- motorcycle endorsement - \$0.50 per year or fraction of a year
- commercial driver's licenses:
 - interstate - \$5.00 per year or fraction of a year
 - intrastate - \$3.50 per year or fraction of a year
- duplicate license - \$5.00

Distribution: The distribution of license fee revenue varies by the type of license and who collects the fee. The table below shows the current statutory distribution. Note: the portion allocated to counties applies only when the county collects the fee. Otherwise, the county allocation is added to the general fund distribution.

Distribution of Driver's License Fees				
Recipient	Driver's License	Duplicate License	Motorcycle Endorsement	Commercial
				Driver's License
Montana Highway Patrol	16.70%	25.00%	0.00%	0.00%
Counties or DOJ	2.50%	3.75%	3.34%	2.50%
Traffic Education Account	26.25%	8.75%	63.46%	0.00%
General Fund	<u>54.55%</u>	<u>62.50%</u>	<u>33.20%</u>	<u>97.50%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Statute: Title 61, Chapter 5, MCA

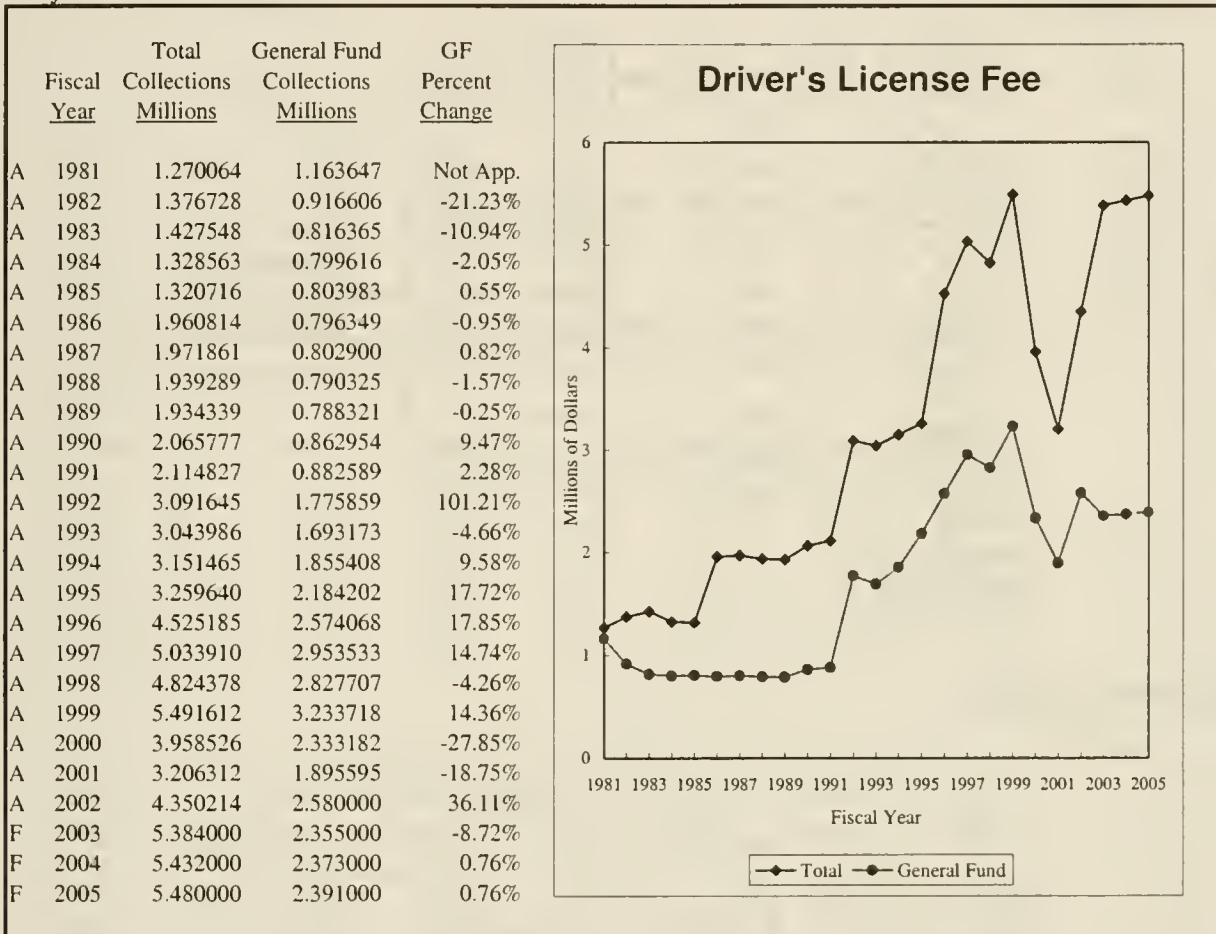
% of Total FY 2002 General Fund Revenue: 0.20%

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Projection:



Driver's License Fees

The flowchart illustrates the calculation of Total Driver's License Fee Revenue. It starts with a data source (cylinder) labeled 'Interstate' and 'Intrastate'. This source feeds into a decision diamond 'Number of Commercial Licenses'. This diamond is multiplied (indicated by 'X') by another decision diamond 'Applicable Fee Rate' to produce a rectangular box 'Commercial License Revenue'. This box is then added (indicated by '+') to a sum of three other revenue components: 'Driver's License Revenue', 'Motorcycle License Revenue', and 'Duplicate License Revenue'. Each of these three components is the product of a 'Number of' decision diamond (for Licenses, Motorcycle Licenses, and Duplicate Licenses respectively) multiplied by a 'Fee Rate' decision diamond. All four revenue components are summed together to produce the final output: 'Total Driver's License Fee Revenue'.

Flowchart illustrating the distribution of license fees:

- Driver's License:** 97.5% to General Fund; 16.7% to SSR Dept. of Justice; 26.25% to SSR Traffic Education.
- Commercial License:** 2.5% to County General Fund.
- Duplicate License:** 33.2% to General Fund; 25.0% to SSR Dept. of Justice; 8.75% to SSR Traffic Education.
- Motorcyle License:** 63.46% to SSR Motorcycle Safety; 3.34% to County General Fund.

Legend:
 -----> Only if fees are collected by the county. To state general fund otherwise.

Legislative Fiscal Division

Revenue Estimate Profile

Driver's License Fees

Revenue Estimate Assumptions

	t	Total Tax	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	3.958526	2.333182	1.893082	0.032885	0.013929	0.289246	0.064534
Actual	2001	3.206312	1.895595	1.467106	0.080415	0.010062	0.276352	0.061416
Actual	2002	4.350214	2.580000	1.978721	0.095182	0.015104	0.419986	0.093347
Forecast	2003	5.384000	2.355000	1.633241	0.078563	0.129916	0.419986	0.093347
Forecast	2004	5.432000	2.373000	1.649208	0.079332	0.131187	0.419986	0.093347
Forecast	2005	5.480000	2.391000	1.665176	0.080102	0.132457	0.419986	0.093347

Licenses	t	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Count	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Cycle Reg.</u>
<u>Millions</u>							
Actual	2000	0.110658	0.025272	0.010240	0.007801	0.002477	0.024511
Actual	2001	0.080396	0.024359	0.006932	0.006961	0.002210	0.028756
Actual	2002	0.108432	0.028832	0.010405	0.010579	0.003359	0.035482
Forecast	2003	0.089500	0.023798	0.0089500	0.010579	0.003359	0.305203
Forecast	2004	0.090375	0.024031	0.090375	0.010579	0.003359	0.308187
Forecast	2005	0.091250	0.024264	0.091250	0.010579	0.003359	0.311171

GF Fee	t	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Rate in \$	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Cycle Reg.</u>
Actual	2000	17.107500	1.301250	1.360230	37.078125	26.053125	0.000000
Actual	2001	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Actual	2002	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Forecast	2003	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Forecast	2004	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000
Forecast	2005	18.248500	3.301250	1.451580	39.700000	27.790000	0.000000

Total Fee	t	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Rate in \$	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Cycle Reg.</u>
Actual	2000	30.0000	5.0000	3.7500	37.5000	26.2500	5.0000
Actual	2001	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Actual	2002	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Forecast	2003	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Forecast	2004	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000
Forecast	2005	32.0000	5.0000	4.0000	40.0000	28.0000	5.0000

Legislative Fiscal Division

Revenue Estimate Profile

Estate Tax

Revenue Description: Due to passage of Legislative Referendum 116 by the electorate in November 2000, the state inheritance tax was repealed. The tax had been imposed on the transfer of any decedent's property, interest in property, or income from property within the state, to any other person or corporation except a surviving spouse, child or lineal descendant, stepchild, or governmental or charitable organization. Although the referendum was effective immediately, it applied to deaths occurring after December 31, 2000. Thus, inheritance tax revenue will continue to produce revenue during the 2003 biennium, but the amount of revenue will decrease each year. In addition to the inheritance tax, an estate tax is imposed on estates transferred to heirs at death. The Montana estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Since 1980, revenues from inheritance taxes have fluctuated because of federal and state law changes, changes in wealth, changes in the death rate of the population, accounting procedures, and the processing of several large estates.

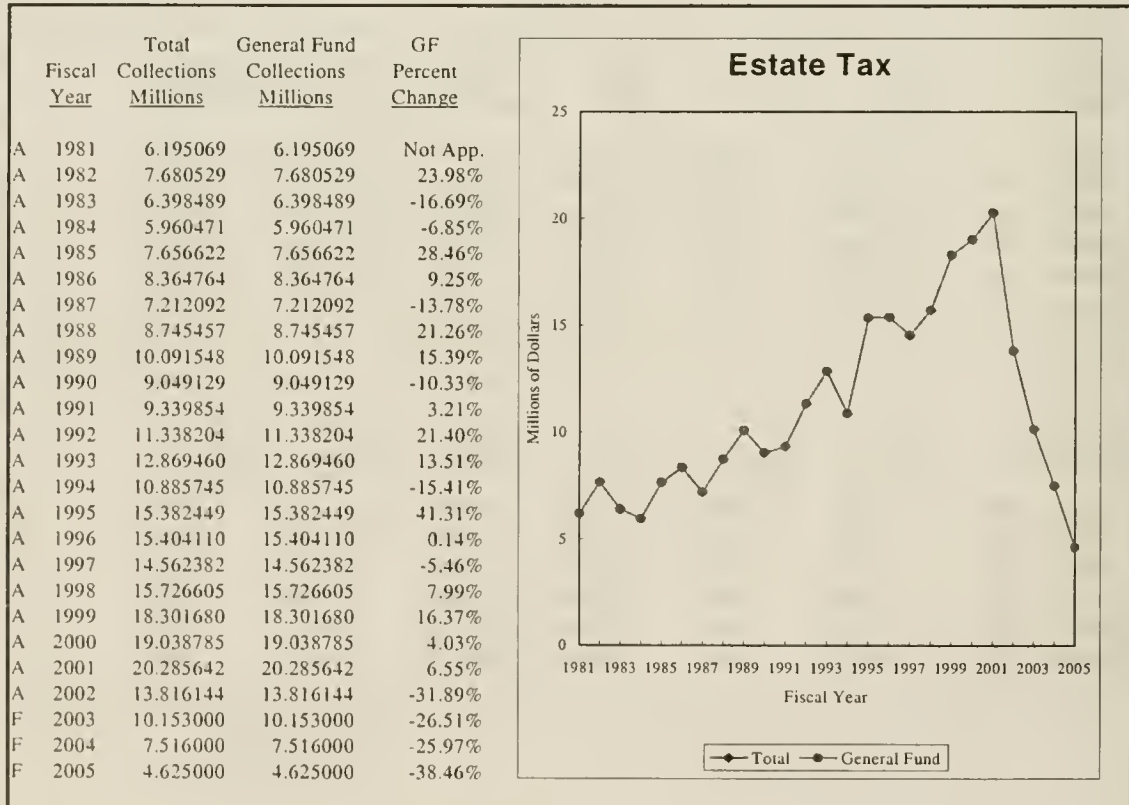
Applicable Tax Rate(s): The estate tax is equal to the maximum estate tax credit allowed under federal estate tax law.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 72, Chapter 16, MCA

% of Total FY 2002 General Fund Revenue: 1.09%

Revenue Projection:

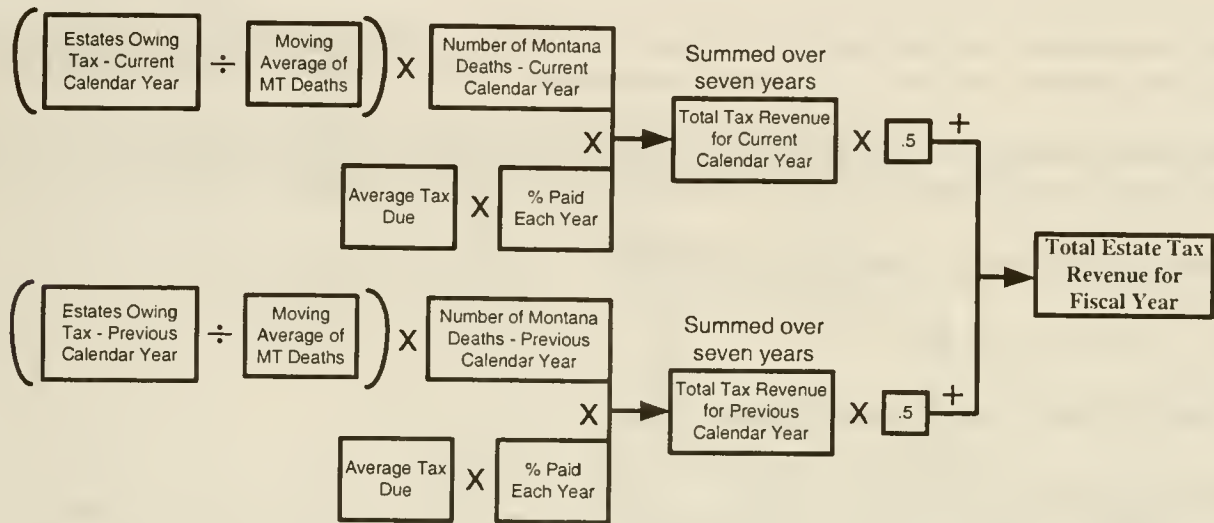


Legislative Fiscal Division

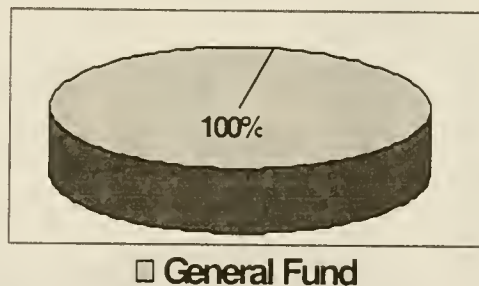
Revenue Estimate Profile

Estate Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Annual</u> <u>Growth</u>
Actual	2000	19.038785	19.038785	0.040275
Actual	2001	20.285642	20.285642	0.065490
Actual	2002	13.816144	13.816144	-0.318920
Forecast	2003	10.153000	10.153000	-0.265138
Forecast	2004	7.516000	7.516000	-0.259773
Forecast	2005	4.625000	4.625000	-0.384663

Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

Revenue Description: The tax is levied against taxable income, which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

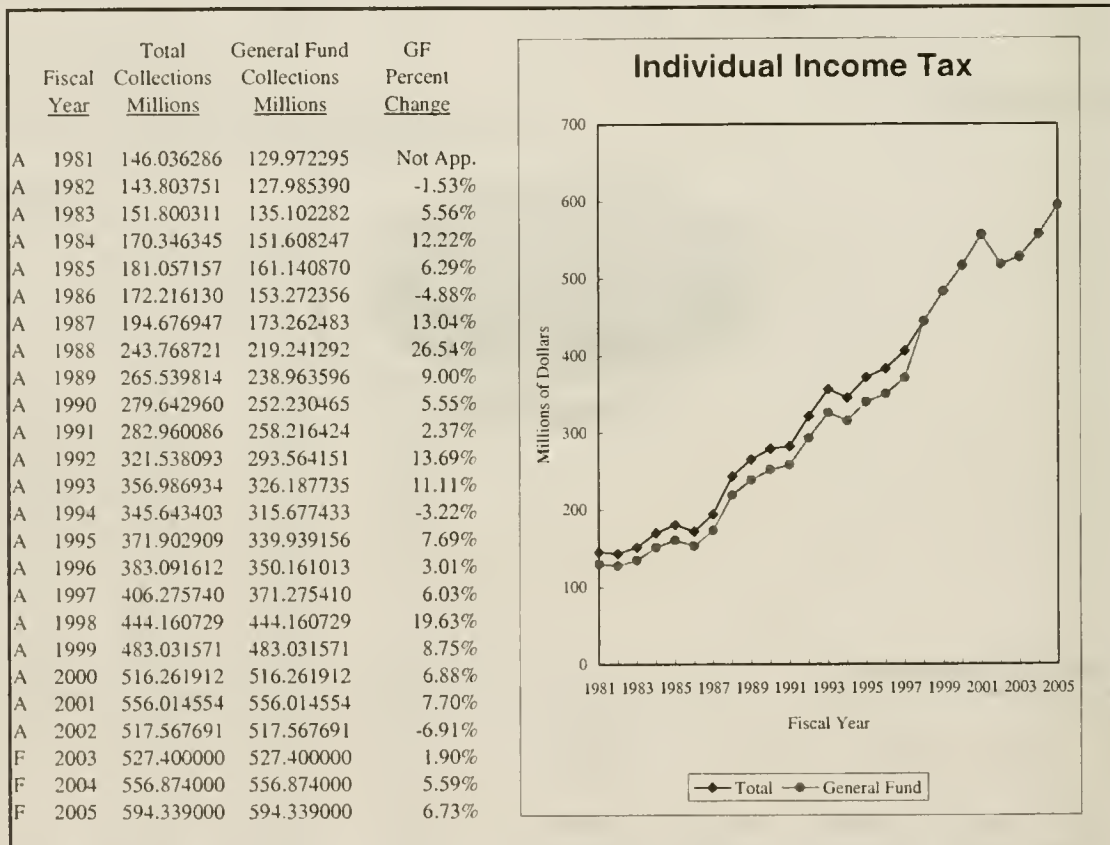
Applicable Tax Rate(s): Tax rates vary from 2.0% to 11.0%, depending on the level of taxable income. Tax brackets, personal exemption amounts, and the standard deduction are adjusted by the rate of inflation in each year.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 31, MCA

% of Total FY 2002 General Fund Revenue: 40.89%

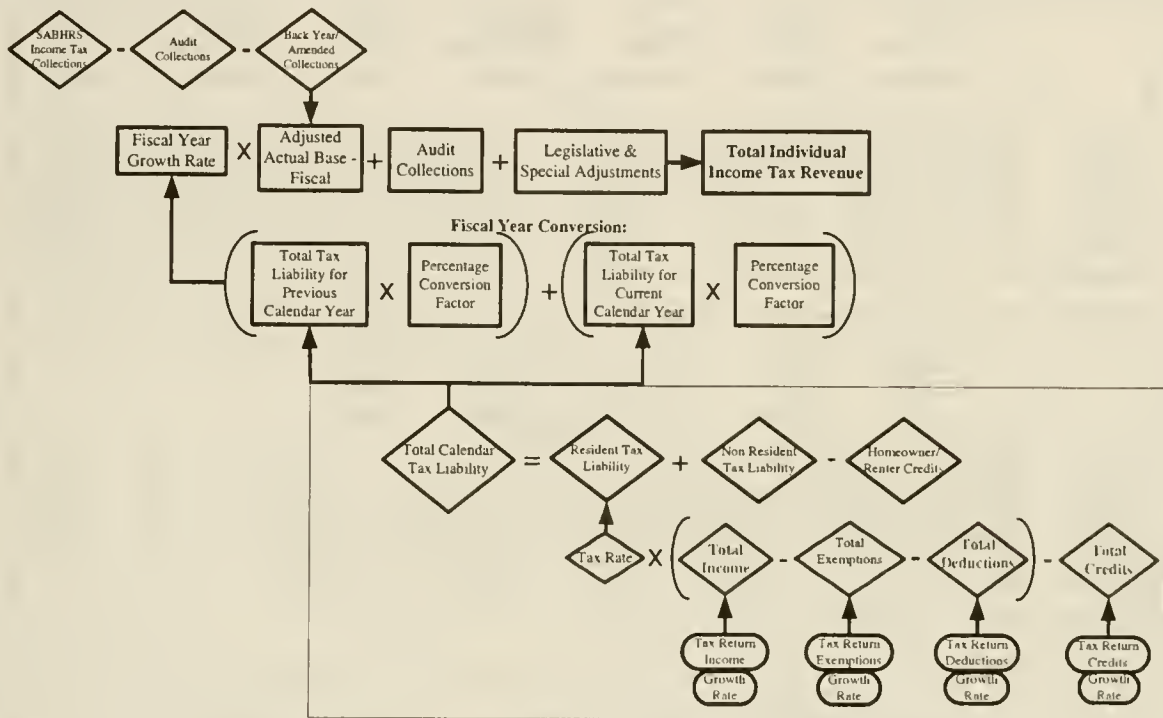
Revenue Projection:



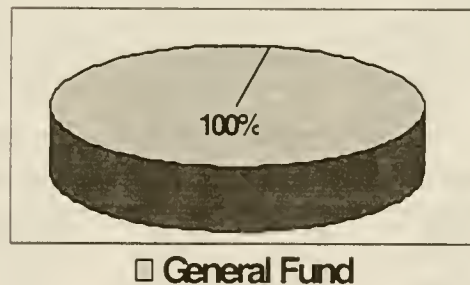
Legislative Fiscal Division

Revenue Estimate Profile Individual Income Tax

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Audits	30% Bonus	Total	CY to FY	CY to FY
	Fiscal	Millions	Millions	Millions	Depreciation	Liability	Conversion	Conversion
					Millions	Millions	Percent	Percent
Actual	2000	516.261912	516.261912	10.500000	0.000000	506.167193	47.9%*CY t-1	52.1%*CY t
Actual	2001	556.014554	556.014554	14.680000	-1.500000	510.889397	47.9%*CY t-1	52.1%*CY t
Actual	2002	517.568000	517.568000	18.573000	-3.000000	501.731037	47.9%*CY t-1	52.1%*CY t
Forecast	2003	527.409642	527.409642	16.800000	-2.500000	512.839835	47.9%*CY t-2	52.1%*CY t
Forecast	2004	556.866912	556.866912	18.700000	-1.750000	539.633009	47.9%*CY t-3	52.1%*CY t
Forecast	2005	594.318459	594.318459	18.700000	0.340000	574.975961	47.9%*CY t-4	52.1%*CY t

	t	Total Tax	GF Tax	Audits	30% bonus	Total Liability
	Fiscal	Annual	Annual	Annual	Annual	Annual
		Change	Change	Change	Change	Change
Actual	2000					
Actual	2001	7.7001%	7.7001%	39.8095%		0.9329%
Actual	2002	-6.9147%	-6.9147%	26.5191%	100.0000%	-1.7926%
Forecast	2003	1.9015%	1.9015%	-9.5461%	-16.6667%	2.2141%
Forecast	2004	5.5853%	5.5853%	11.3095%	-30.0000%	5.2245%
Forecast	2005	6.7254%	6.7254%	0.0000%	-119.4286%	6.5494%

	t	Resident	Population	Homeowner	All	All Filers	All Filers	Taxable
	Cal.	Liability	Adjustment	Credit	Credits	Multiplier	Liability	Income
		Millions	Percent	Millions	Millions	Percent	Millions	Millions
Actual	2000	518.279456		8.734000	21.404000	1.071800	525.353921	8,226.369886
Actual	2001	498.341543	1.000000	9.540000	24.151000	1.066100	497.538802	8,087.111270
Forecast	2002	497.258373	1.007334	9.640000	19.517502	1.067510	505.563989	8,138.701843
Forecast	2003	508.832814	1.016587	9.736000	23.482156	1.068580	519.529144	8,326.191331
Forecast	2004	537.715000	1.029072	9.834000	23.937709	1.069650	558.116216	8,732.891854
Forecast	2005	559.739000	1.043342	10.031000	24.792000	1.070720	590.476572	9,060.832666

	t	Resident	Population	Homeowner	All Other	All Filers	All Filers	Taxable
	Cal.	Liability	Adjustment	Credit	Credits	Multiplier	Liability	Income
		Percent	Percent	Percent	Percent	Percent	Percent	Percent
Actual	2000							
Actual	2001	-3.8469%		9.2283%	12.8340%	-0.5318%	-5.2945%	-1.692832%
Forecast	2002	-0.2174%	0.7334%	1.0482%	-19.1855%	0.1323%	1.6130%	0.637936%
Forecast	2003	2.3277%	0.9185%	0.9959%	20.3133%	0.1002%	2.7623%	2.303678%
Forecast	2004	5.6762%	1.2281%	1.0066%	1.9400%	0.1001%	7.4273%	4.884593%
Forecast	2005	4.0959%	1.3867%	2.0033%	3.5688%	0.1000%	5.7981%	3.755237%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	<u>t</u>	<u>Wages</u>	<u>Annual</u>	<u>Interest</u>	<u>Annual</u>	<u>Dividends</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Millions</u>	<u>Growth</u>	<u>Millions</u>	<u>Growth</u>	<u>Millions</u>	<u>Growth</u>
Actual	2000	8,569.388406		652.743511		374.794193	
Actual	2001	9,013.441387	5.1819%	662.616830	1.5126%	302.464371	-19.2985%
Forecast	2002	9,346.938718	3.7000%	511.738978	-22.7700%	313.292595	3.5800%
Forecast	2003	9,739.510144	4.2000%	454.321864	-11.2200%	328.361969	4.8100%
Forecast	2004	10,207.006631	4.8000%	577.897412	27.2000%	337.260579	2.7100%
Forecast	2005	10,717.356963	5.0000%	635.687153	10.0000%	345.152476	2.3400%

	<u>t</u>	<u>Business</u>	<u>Annual</u>	<u>Capital</u>	<u>Supplemental</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Income</u>	<u>Growth</u>	<u>Gains</u>	<u>Gains</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>	<u>Millions</u>	
Actual	2000	606.597200		1,259.719705	46.175253	
Actual	2001	617.942632	1.8703%	785.759218	42.906157	-7.0798%
Forecast	2002	625.481532	1.2200%	565.746637	37.770290	-11.9700%
Forecast	2003	630.860673	0.8600%	565.746637	36.712722	-2.8000%
Forecast	2004	640.197411	1.4800%	608.177635	47.498920	29.3800%
Forecast	2005	644.806833	0.7200%	653.790957	46.254448	-2.6200%

	<u>t</u>	<u>Rents, Royalties</u>	<u>Annual</u>	<u>Farm Income</u>	<u>Annual</u>	<u>Social</u>	<u>Annual</u>
	<u>Cal.</u>	<u>S-Corps</u>	<u>Growth</u>	<u>Gains</u>	<u>Growth</u>	<u>Security</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	894.050325		-77.472732		255.296811	
Actual	2001	907.393972	1.4925%	-112.632772	45.3838%	257.153132	0.7271%
Forecast	2002	974.359647	7.3800%	-82.897720	-26.4000%	276.336756	7.4600%
Forecast	2003	1,056.205857	8.4000%	-83.386817	0.5900%	294.989487	6.7500%
Forecast	2004	1,141.336050	8.0600%	-71.821065	-13.8700%	313.219837	6.1800%
Forecast	2005	1,223.055711	7.1600%	-76.805447	6.9400%	331.042046	5.6900%

	<u>t</u>	<u>IRA</u>	<u>Annual</u>	<u>Pension</u>	<u>Annual</u>	<u>Other</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Income</u>	<u>Growth</u>	<u>Income</u>	<u>Growth</u>	<u>Income</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	267.961035		938.299938		-32.693707	
Actual	2001	264.672173	-1.2274%	969.018087	3.2738%	-22.436200	-31.3746%
Forecast	2002	265.969067	0.4900%	973.766276	0.4900%	-22.436200	0.0000%
Forecast	2003	276.262070	3.8700%	1,011.451030	3.8700%	-22.436200	0.0000%
Forecast	2004	298.473540	8.0400%	1,071.025496	5.8900%	-22.436200	0.0000%
Forecast	2005	322.470813	8.0400%	1,134.108898	5.8900%	-22.436200	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	<u>t</u>	<u>Total</u>	<u>Annual</u>	<u>IRA</u>	<u>Annual</u>	<u>Fed Adjusted</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Income</u>	<u>Growth</u>	<u>Deductions</u>	<u>Growth</u>	<u>Gross Income</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	13,754.859938		202.442859		13,552.417079	
Actual	2001	13,688.298987	-0.4839%	205.024224	1.2751%	13,483.274763	-0.5102%
Forecast	2002	13,786.066576	0.7142%	222.553795	8.5500%	13,563.512781	0.5951%
Forecast	2003	14,288.599438	3.6452%	234.527189	5.3800%	14,054.072249	3.6168%
Forecast	2004	15,147.836245	6.0134%	244.869838	4.4100%	14,902.966407	6.0402%
Forecast	2005	15,954.484650	5.3252%	262.916745	7.3700%	15,691.567905	5.2916%

	<u>t</u>	<u>Bond</u>	<u>Annual</u>	<u>FIT</u>	<u>Annual</u>	<u>Other</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Interest</u>	<u>Growth</u>	<u>Refunds</u>	<u>Growth</u>	<u>Additions</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	42.518667		184.885555		145.637746	
Actual	2001	44.552431	4.7832%	203.809786	10.2356%	146.694821	0.7258%
Forecast	2002	46.913710	5.3000%	235.359541	15.4800%	146.694821	0.0000%
Forecast	2003	48.907543	4.2500%	236.230371	0.3700%	146.694821	0.0000%
Forecast	2004	52.321289	6.9800%	256.782413	8.7000%	146.694821	0.0000%
Forecast	2005	56.527921	8.0400%	272.240715	6.0200%	146.694821	0.0000%

	<u>t</u>	<u>Cap. Gains</u>	<u>Annual</u>	<u>Int. Exc.</u>	<u>Annual</u>	<u>Savings</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Exclusion</u>	<u>Growth</u>	<u>Elderly</u>	<u>Growth</u>	<u>Bond</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	2.753579		46.732843		98.577472	
Actual	2001	1.792204	-34.9137%	46.773697	0.0874%	85.952848	-12.8068%
Forecast	2002	1.496490	-16.5000%	41.455528	-11.3700%	68.255157	-20.5900%
Forecast	2003	1.249569	-16.5000%	43.221533	4.2600%	62.767442	-8.0400%
Forecast	2004	1.043390	-16.5000%	44.008165	1.8200%	78.779416	25.5100%
Forecast	2005	0.871231	-16.5000%	44.760705	1.7100%	87.082767	10.5400%

	<u>t</u>	<u>Exempt</u>	<u>Annual</u>	<u>Unemployment</u>	<u>Annual</u>	<u>Med.</u>	<u>Annual</u>
	<u>Cal.</u>	<u>Retirement</u>	<u>Growth</u>	<u>Millions</u>	<u>Growth</u>	<u>Savings</u>	<u>Growth</u>
		<u>Millions</u>		<u>Millions</u>		<u>Millions</u>	
Actual	2000	156.465588		50.685840		6.777035	
Actual	2001	161.621214	3.2951%	59.504425	17.3985%	8.242749	21.6277%
Forecast	2002	142.925277	-11.5677%	50.566860	-15.0200%	9.790737	18.7800%
Forecast	2003	141.434508	-1.0430%	50.566860	0.0000%	11.338653	15.8100%
Forecast	2004	137.398388	-2.8537%	50.566860	0.0000%	12.886379	13.6500%
Forecast	2005	132.815045	-3.3358%	50.566860	0.0000%	14.434033	12.0100%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	t	Family Education Cal.	Annual Growth	First Time Home Millions	Annual Growth	Other Reductions Millions	Annual Growth
Actual	2000	2.118416		0.739084		442.097368	
Actual	2001	3.415825	61.2443%	0.912566	23.4726%	470.668689	6.4627%
Forecast	2002	4.098990	20.0000%	0.912566	0.0000%	495.002260	5.1700%
Forecast	2003	4.782292	16.6700%	0.912566	0.0000%	520.593877	5.1700%
Forecast	2004	5.465681	14.2900%	0.912566	0.0000%	547.508581	5.1700%
Forecast	2005	6.148891	12.5000%	0.912566	0.0000%	575.814774	5.1700%

	t	Additions to Income Cal.	Additions Annual Growth	Reductions to Income Millions	Reductions Annual Growth	MT Adjusted Gross Income Millions	MAGI Annual Growth
Actual	2000	373.041968		806.947225		13,118.511822	
Actual	2001	395.057038	5.9015%	838.884217	3.9578%	13,039.447584	-0.6027%
Forecast	2002	428.968072	8.5838%	814.503865	-2.9063%	13,064.319543	0.1907%
Forecast	2003	431.832735	0.6678%	836.867300	2.7457%	13,407.828098	2.6294%
Forecast	2004	455.798523	5.5498%	878.569427	4.9831%	14,051.318642	4.7994%
Forecast	2005	475.463456	4.3144%	913.406873	3.9652%	14,599.154687	3.8988%

	t	Medical Premiums Cal.	Annual Growth	Medical Deductions Millions	Annual Growth	Long Term Care Millions	Annual Growth
Actual	2000	200.002957		184.849463		13.502837	
Actual	2001	217.940463	8.9686%	203.239099	9.9484%	14.061406	4.1367%
Forecast	2002	230.733568	5.8700%	237.479941	16.8476%	14.619644	3.9700%
Forecast	2003	244.277629	5.8700%	257.684624	8.5080%	15.178114	3.8200%
Forecast	2004	258.616725	5.8700%	273.667043	6.2023%	15.736669	3.6800%
Forecast	2005	273.797527	5.8700%	292.222478	6.7803%	16.295321	3.5500%

	t	Federal Income Tax Withheld Cal.	Annual Growth	Non-current Yr Fed Deduct Millions	Annual Growth	Real Estate Millions	Annual Growth
Actual	2000	1,518.673839		221.424540		239.539241	
Actual	2001	1,558.108639	2.5967%	233.916512	5.6416%	248.404235	3.7009%
Forecast	2002	1,562.753843	0.2981%	236.986252	1.3123%	255.856362	3.0000%
Forecast	2003	1,612.613212	3.1905%	244.872157	3.3276%	263.532053	3.0000%
Forecast	2004	1,675.120514	3.8761%	252.760441	3.2214%	271.438014	3.0000%
Forecast	2005	1,723.541870	2.8906%	260.656110	3.1238%	279.581155	3.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Individual Income Tax

	<u>t</u>	Vehicle Taxes <u>Cal.</u>	Vehicle Annual <u>Growth</u>	Home Mortgage <u>Millions</u>	Annual <u>Growth</u>	Deductible Interest <u>Millions</u>	Annual <u>Growth</u>
Actual	2000	43.249518		674.783486		39.843897	
Actual	2001	35.414255	-18.1164%	722.240324	7.0329%	36.076803	-9.4546%
Forecast	2002	36.122540	2.0000%	728.379367	0.8500%	35.117160	-2.6600%
Forecast	2003	36.844991	2.0000%	755.912107	3.7800%	38.558642	9.8000%
Forecast	2004	37.581891	2.0000%	825.985159	9.2700%	40.683223	5.5100%
Forecast	2005	38.333529	2.0000%	908.170682	9.9500%	41.460272	1.9100%

	<u>t</u>	Contributions <u>Cal.</u>	Annual <u>Growth</u>	Child Care <u>Millions</u>	Annual <u>Growth</u>	Casualty <u>Millions</u>	Annual <u>Growth</u>
Actual	#REF!	275.164610		1.618924		3.058367	
Actual	2000	294.840519	7.1506%	1.776837	9.7542%	7.212024	135.8129%
Actual	2001	305.371553	3.5718%	1.642048	-7.5859%	3.158568	-56.2041%
Forecast	2002	329.312683	7.8400%	1.534658	-6.5400%	3.219213	1.9200%
Forecast	2003	362.112226	9.9600%	1.486930	-3.1100%	3.280056	1.8900%
Forecast	2004	389.053376	7.4400%	1.378682	-7.2800%	3.340737	1.8500%
Forecast	2005	416.209301	6.9800%	1.329876	-3.5400%	3.401538	1.8200%

	<u>t</u>	Miscellaneous Expense 1 <u>Cal.</u>	Annual <u>Growth</u>	Miscellaneous Expense 2 <u>Millions</u>	Annual <u>Growth</u>	Gambling Losses <u>Millions</u>	Annual <u>Growth</u>
Actual	2000	129.241069		3.770804		5.692095	
Actual	2001	140.956776	9.0650%	3.760967	-0.2609%	4.839289	-14.9823%
Forecast	2002	154.071980	9.3044%	4.273587	13.6300%	4.839289	0.0000%
Forecast	2003	159.537322	3.5473%	5.160356	20.7500%	4.839289	0.0000%
Forecast	2004	163.143047	2.2601%	5.807465	12.5400%	4.839289	0.0000%
Forecast	2005	166.716298	2.1903%	6.644901	14.4200%	4.839289	0.0000%

	<u>t</u>	Itemized Deductions <u>Cal.</u>	Annual <u>Growth</u>	Exemptions <u>Millions</u>	Annual <u>Growth</u>	Planned Gift Credit	Annual <u>Growth</u>
Actual	2000	4,036.333109		1,444.028900		7.121923	
Actual	2001	4,136.668940	2.4858%	1,488.611840	3.0874%	7.550411	6.0165%
Forecast	2002	4,128.466708	-0.1983%	1,505.921280	1.1628%	3.553978	-52.9300%
Forecast	2003	4,284.823325	3.7873%	1,549.194880	2.8736%	6.360911	78.9800%
Forecast	2004	4,474.967356	4.4376%	1,592.468480	2.7933%	5.699376	-10.4000%
Forecast	2005	4,662.599011	4.1929%	1,644.396800	3.2609%	5.423526	-4.8400%

Legislative Fiscal Division

Revenue Estimate Profile

Insurance Tax & License Fees

Revenue Description: The insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. Gross underwriting profit is essentially insurance premium income. In addition, various insurance fees and licenses are also collected.

Applicable Tax Rate(s): The current tax rate is 2.75% of net premiums on policies sold in Montana. In addition, for each Montana resident insured under any individual or group disability or health insurance policy, all insurers are required to pay \$0.70 to the State's Insurance Commissioner. This fee is used to fund the voluntary statewide genetics program established in statute (50-19-211, MCA).

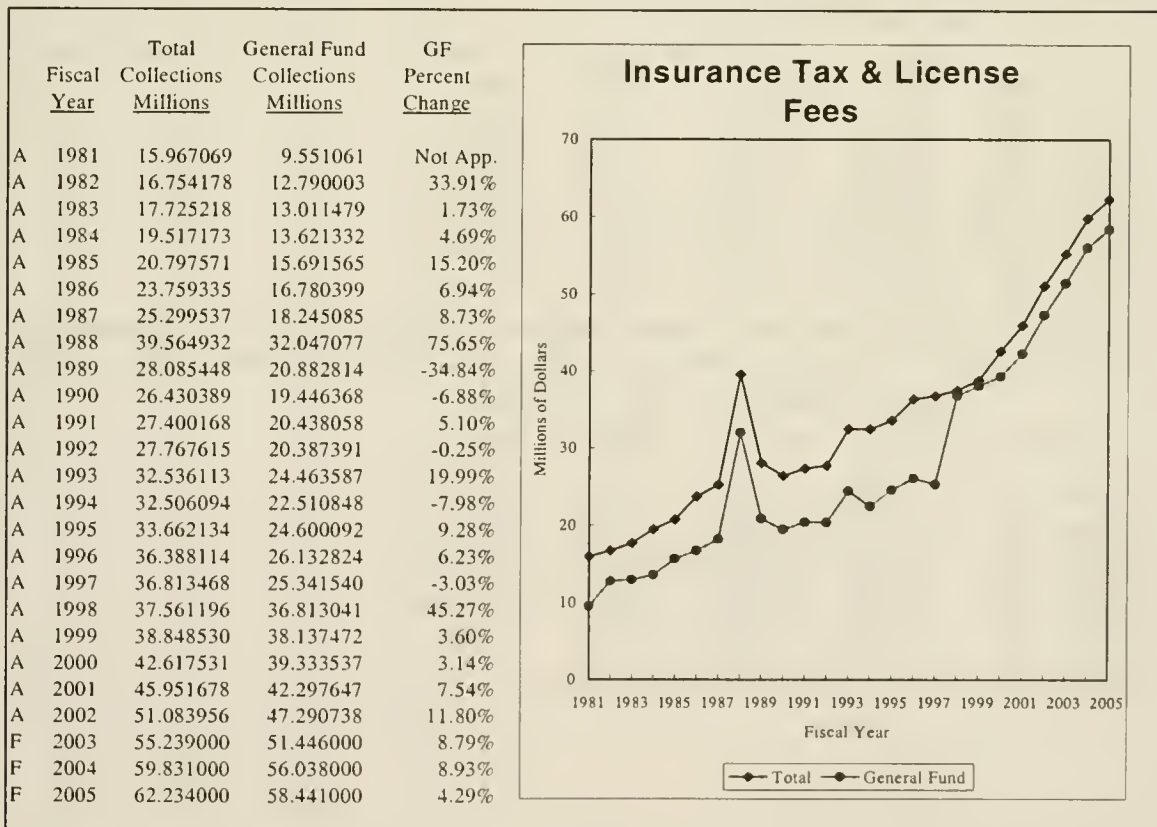
Senate Bill 132 (passed by the 1999 legislature) eliminated many disparate fees on insurance companies, which had partially been deposited into the general fund, and replaced them with a single company annual fee of \$1,900. Revenue from this fee is deposited to the state special revenue fund for administration of insurance activities.

Distribution: The majority of insurance tax and license fee proceeds are deposited into the general fund.

Statute: Title 33, Chapter 2 and Chapter 14, MCA

% of Total FY 2002 General Fund Revenue: 3.74%

Revenue Projection:

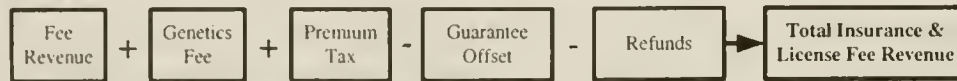


Legislative Fiscal Division

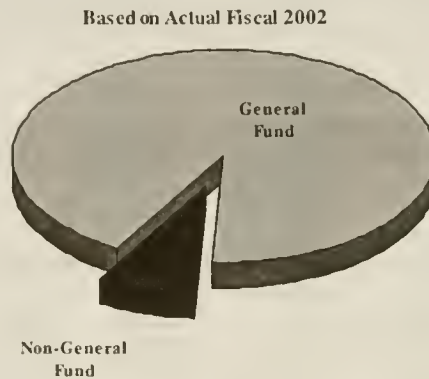
Revenue Estimate Profile

Insurance Tax & License Fees

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Non-GF Fees</u> <u>Millions</u>	<u>GF Fees</u> <u>Millions</u>
Actual	2000	42.617531	39.333537	3.283994	1.028229
Actual	2001	45.951678	42.297647	3.654031	0.444540
Actual	2002	51.083956	47.290738	3.793218	0.290736
Forecast	2003	55.239000	51.446000	3.793218	0.290736
Forecast	2004	59.831000	56.038000	3.793218	0.290736
Forecast	2005	62.234000	58.441000	3.793218	0.290736

	<u>t</u> <u>Fiscal</u>	<u>Genetics</u> <u>Millions</u>	<u>Premium Tax</u> <u>Millions</u>	<u>Offsets</u> <u>Millions</u>	<u>Refunds</u> <u>Millions</u>
Actual	2000	0.542398	40.121480	2.082935	1.881369
Actual	2001	0.634902	42.405287	0.861069	0.326014
Actual	2002	0.569711	47.678432	0.735584	0.512557
Forecast	2003	0.575000	52.822935	1.843000	0.400000
Forecast	2004	0.575000	56.790202	1.218000	0.400000
Forecast	2005	0.575000	59.192995	1.218000	0.400000

Legislative Fiscal Division

Revenue Estimate Profile Investment License Fee

Revenue Description: Investment advisors and investment companies pay various fees to the state. These fees are for the registration of securities and agents, for registration of securities by notification, or for notice of a federal filing of a federally secured security.

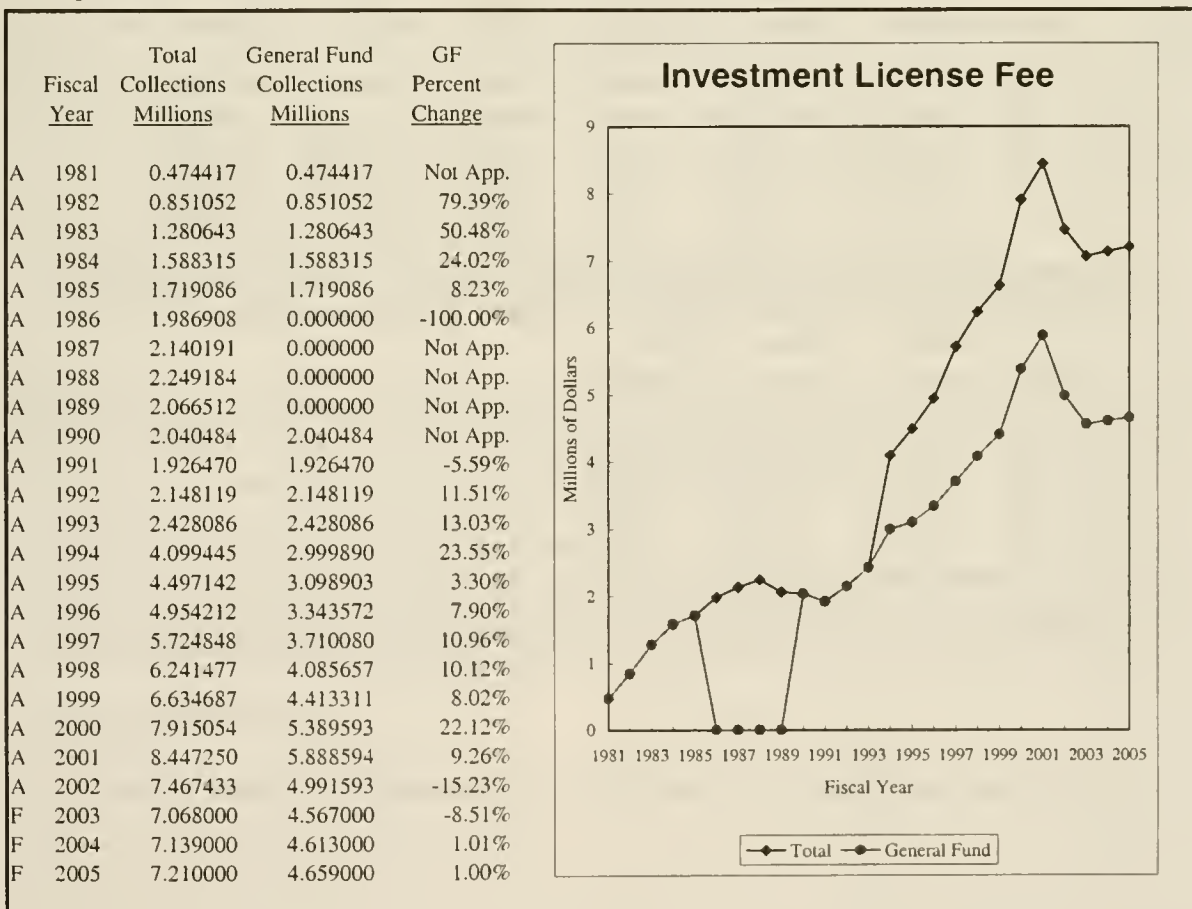
Applicable Tax Rate(s): Initial and annual security registration fees vary, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$200. Initial and annual registration fees for a salesperson or investment adviser are \$50.

Distribution: All such fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of portfolio activities. The excess in this account is transferred to the general fund throughout the year as a non-budgeted transfer.

Statute: Title 30, Chapter 10, MCA

% of Total FY 2002 General Fund Revenue: 0.39%

Revenue Projection:



Legislative Fiscal Division

Revenue Estimate Profile

Investment License Fee

Forecast Methodology

$$\left(\boxed{\text{Base Year General Fund Fee Revenue}} \times \boxed{\text{Growth Rate}} \right) + \left(\boxed{\text{Base Year Non-general Fund Fee Revenue}} \times \boxed{\text{Growth Rate}} \right) = \boxed{\text{Total Investment License Fee Revenue}}$$

Distribution Methodology

$$\boxed{\text{General Fund Fees}} = \boxed{\text{General Fund Revenue}}$$

$$\boxed{\text{Total Investment License Fee Revenue}} - \boxed{\text{General Fund Revenue}} = \boxed{\text{Non-general Fund Revenue}}$$

Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>GF Transfer</u> <u>Millions</u>	<u>Licenses</u> <u>Millions</u>	<u>Portfolio</u> <u>Millions</u>	<u>Port. Exp.</u> <u>Millions</u>
Actual	2000	7.915054	5.389593	2.296258	5.389593	2.525461	0.151983
Actual	2001	8.447250	5.888594	2.445000	5.888594	2.558656	0.135759
Actual	2002	7.467433	4.991593	2.179165	4.991593	2.475840	0.202493
Forecast	2003	7.068000	4.567000	2.292000	4.567308	2.500555	0.208568
Forecast	2004	7.139000	4.613000	2.317000	4.612981	2.525517	0.208568
Forecast	2005	7.210000	4.659000	2.342000	4.659111	2.550729	0.208568

	<u>t</u> <u>Fiscal</u>	<u>Licenses</u> <u>Growth</u>	<u>Portfolio</u> <u>Growth</u>	<u>Expense</u> <u>Growth</u>
Actual	2000	0.221213	0.137475	0.044550
Actual	2001	0.092586	0.013144	-0.106749
Actual	2002	-0.152329	-0.034073	0.491562
Forecast	2003	-0.085000	0.010000	0.030000
Forecast	2004	0.010000	0.010000	0.000000
Forecast	2005	0.010000	0.010000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile Lodging Facility Use Tax

Revenue Description: The state imposes a tax on room charges collected by lodging facilities. The tax only applies for rooms used for lodging. All percentage distributed tax collections (see below) are earmarked for specific purposes and are statutorily appropriated. All taxes paid by state employees are returned to the fund that paid the tax. Since general fund pays a portion of the tax, a portion is returned to the general fund. This amount is accounted for in the "All Other Revenue" profile.

Applicable Tax Rate(s): The tax is 4.0 percent of room charges.

Distribution: Fiscal 2003, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund; 3) \$400,000 to the Montana heritage preservation and development fund which is statutorily appropriated for restoring and maintaining historic properties; and 4) \$1,700,000 to the general fund (HB 18 August 2002 Special Session). After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- 22.5% to regional nonprofit tourism corporations.
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Fiscal 2004 - 2007, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund; and 3) \$400,000 to the Montana heritage preservation and development fund which is statutorily appropriated for restoring and maintaining historic properties. After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- 22.5% to regional nonprofit tourism corporations.
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Fiscal 2008 and beyond, the revenue is first distributed: 1) to the Department of Revenue in the amount appropriated for collection and disbursement costs; and 2) to the various funds from which payment of the tax paid by state employees were made, including the general fund. After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.
- 22.5% to regional nonprofit tourism corporations.
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities.
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program.
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.

Statute: Title 15, Chapter 65, MCA

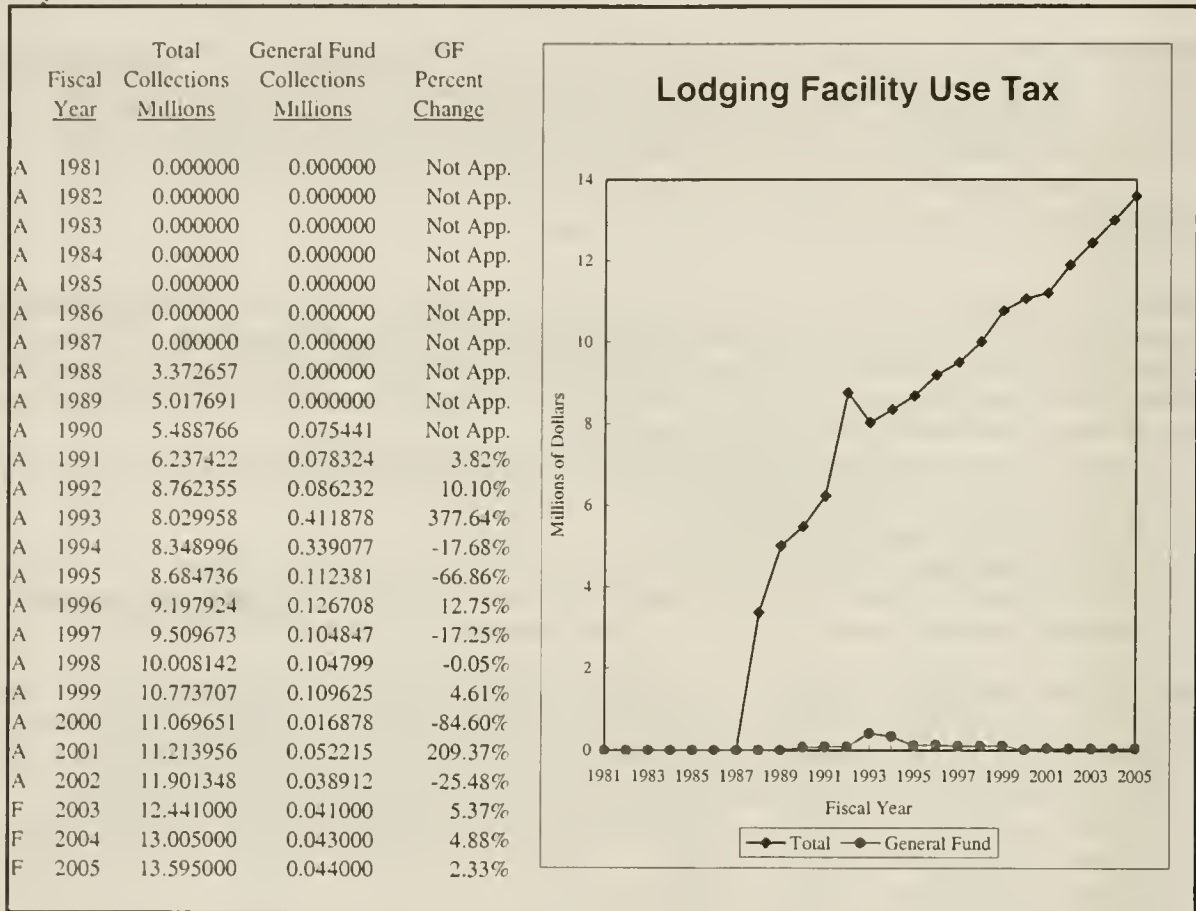
% of Total FY 2002 General Fund Revenue: 0.00% (included in "All Other General Fund Revenue")

Legislative Fiscal Division

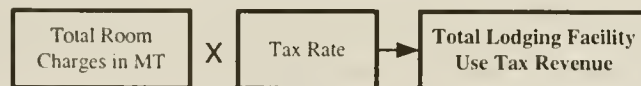
Revenue Estimate Profile

Lodging Facility Use Tax

Revenue Projection:



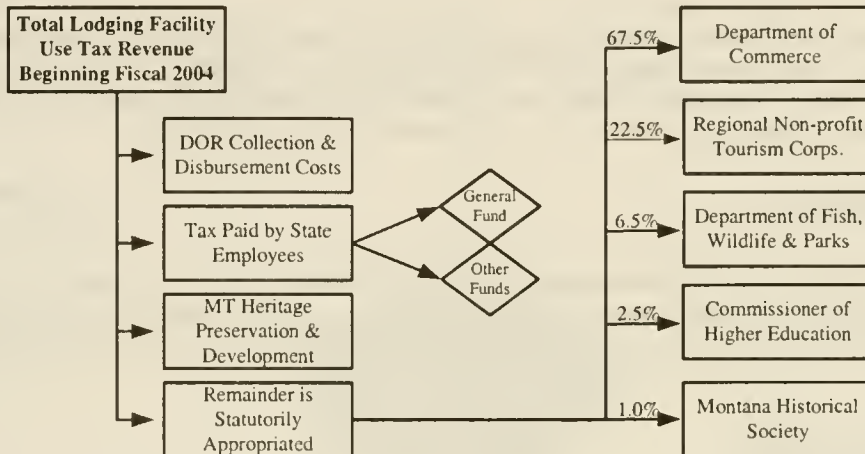
Forecast Methodology



Legislative Fiscal Division

Revenue Estimate Profile Lodging Facility Use Tax

Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Room Charge	Tax	DOR
	Fiscal	Millions	Millions	Millions	Rate	Admin. Millions
Actual	2000	11.069651	0.016878	276.741275	4.0000%	0.114927
Actual	2001	11.213956	0.052215	280.348900	4.0000%	0.114525
Actual	2002	11.901348	0.038912	297.533700	4.0000%	0.126368
Forecast	2003	12.441000	0.040676	311.028043	4.0000%	0.133256
Forecast	2004	13.005000	0.042520	325.134409	4.0000%	0.137254
Forecast	2005	13.595000	0.044449	339.880555	4.0000%	0.141371

	t	Higher Ed.	DOC	Sites & Signs	Regional	FWP	MT. Heritage	All Other
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Entities Millions
Actual	2000	0.263447	7.113045	0.105379	2.371015	0.684960	0.400000	0.000000
Actual	2001	0.267061	7.210657	0.106824	2.403552	0.694358	0.400000	-0.035236
Actual	2002	0.283388	7.651483	0.113892	2.550494	0.736809	0.400000	0.000002
Forecast	2003	0.296677	8.010271	0.118671	2.670090	0.771359	0.400000	0.000000
Forecast	2004	0.310631	8.387028	0.124252	2.795676	0.807640	0.400000	0.000000
Forecast	2005	0.325230	8.781197	0.130092	2.927066	0.845597	0.400000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Description: In accordance with statute, the state assesses a variety of motor vehicle fees, such as fees for the filing of motor vehicle liens, fees for new license plates, and title fees. The fees vary according to the type of vehicle (i.e., motor vehicle, snowmobile, etc.) and the type of license plate (regular, personal, military, etc.). With the enactment of House Bill 124, motor vehicle fees that had been collected and retained by counties are now deposited in the state general fund.

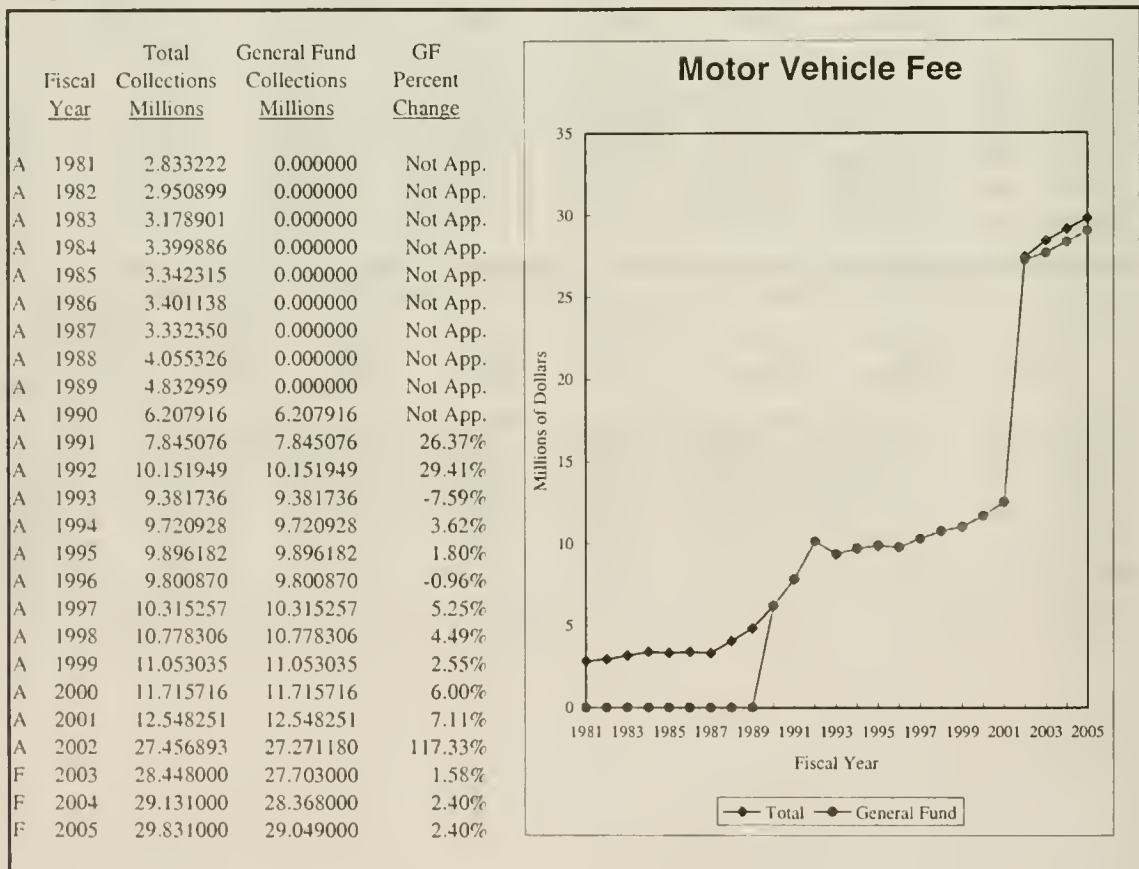
Applicable Tax Rate(s): Various

Distribution: Almost all motor vehicle fees are allocated to the general fund. The \$8 recording lien fee is distributed \$4 to the general fund and \$4 is deposited to the Motor Vehicle Information Technology Systems state special revenue account. The \$0.25 senior transportation fee is deposited in the general fund and then transferred to the senior transportation account in the Department of Transportation.

Statute: Title 61, Chapter 3, MCA.

% of Total FY 2002 General Fund Revenue: 2.15%

Revenue Projection:

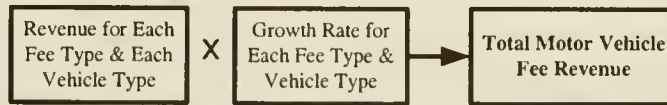


Legislative Fiscal Division

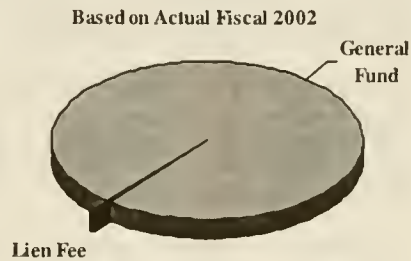
Revenue Estimate Profile

Motor Vehicle Fee

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	GF Fee	GF Fee	GF Fee	GF Fee
	Fiscal	Millions	Millions	Registration	Record	Titles	Personal
				Millions	Millions	Millions	Millions
Actual	2000	11.729292	11.729292	6.233271	0.629295	1.292338	0.727670
Actual	2001	12.548251	12.548251	6.367734	0.635889	1.290092	0.712995
Actual	2002	27.456893	27.271180	21.180491	0.727958	2.352977	1.269593
Forecast	2003	28.448000	27.703000	21.491344	0.745429	2.409448	1.300063
Forecast	2004	29.131000	28.368000	22.007136	0.763319	2.467275	1.331265
Forecast	2005	29.831000	29.049000	22.535307	0.781639	2.526490	1.363215

	t	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	Non GF Fee
	Fiscal	New Plate	Computer	\$.25	Other	Transit	Lien
		Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.856821	1.304458	0.299821	0.385618		
Actual	2001	1.536103	1.335946	0.304236	0.365256		
Actual	2002	0.524575	-0.001199	0.024150	1.083974	0.108661	0.185713
Forecast	2003	0.537165	0.000000	0.000000	1.109989	0.111269	0.745429
Forecast	2004	0.550057	0.000000	0.000000	1.136629	0.113939	0.763319
Forecast	2005	0.563258	0.000000	0.000000	1.163908	0.116674	0.781639

	t	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	Fiscal	Registration	Record	Titles	Personal	New Plate	Other
		Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate
Actual	2000	3.2150%	-0.0519%	2.1117%	4.8659%	84.1881%	-5.1653%
Actual	2001	2.1572%	1.0478%	-0.1738%	-2.0167%	79.2793%	-5.2804%
Actual	2002	232.6221%	14.4788%	82.3883%	78.0648%	-65.8503%	196.7710%
Forecast	2003	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%
Forecast	2004	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%
Forecast	2005	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%	2.4000%

	t	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	Non GF Fee
	Fiscal	New Plate	Computer	\$.25	Other	Transit	Lien
		Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate	Growth Rate
Actual	2000	84.1881%	2.8335%	5.4012%	-5.1653%		
Actual	2001	79.2793%	2.4139%	1.4725%	-5.2804%		
Actual	2002	-65.8503%	-100.0897%	-92.0621%	196.7710%		
Forecast	2003	2.4000%	-100.0000%	-100.0000%	2.4000%	NA	2.4000%
Forecast	2004	2.4000%			2.4000%	NA	2.4000%
Forecast	2005	2.3999%			2.4000%	NA	2.4000%

Legislative Fiscal Division

Revenue Estimate Profile

Public Contractors Tax

Revenue Description: Contractors or subcontractors submitting a proposal to perform construction work in Montana for the federal government, state government, or any political subdivision, must be licensed as a public contractor. A license is not required in order to bid on contracts in which federal aid is used for highway construction, but a license is required once the bid is awarded.

Applicable Tax Rate(s): A 1.0 percent license fee is applied to the gross receipts of each separate project let by any of the listed public entities. However, a credit (in the form of a refund) against the license fee is allowed for personal property taxes and certain motor vehicle fees paid in Montana on personal property or vehicles used in the business of the contractor. In addition, the amount of the net license fee paid (gross less the property tax refund) may be used as a credit on the contractor's corporate or individual tax return. Overpayments are also refunded.

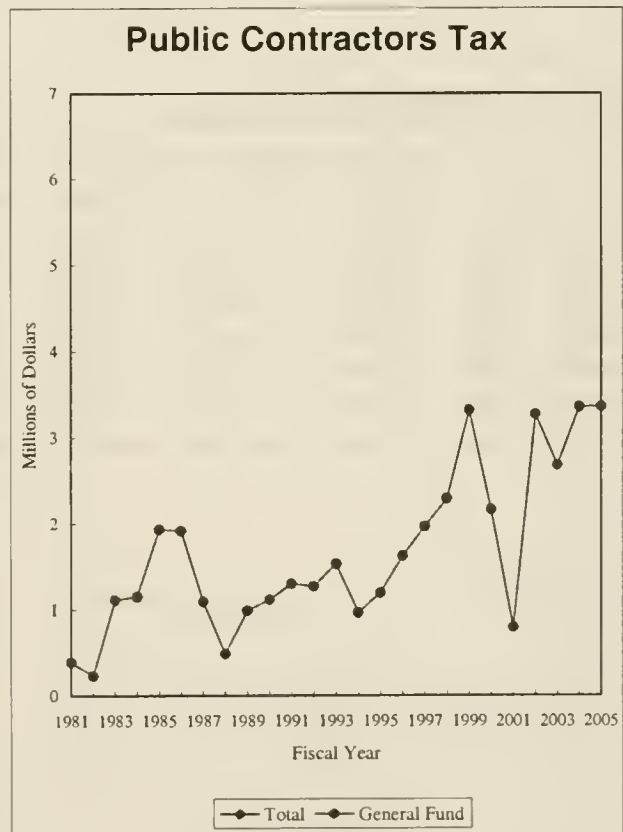
Distribution: All public contractor tax revenue is deposited into the general fund.

Statute: Title 15, Chapter 50, MCA

% of Total FY 2002 General Fund Revenue: 0.26%

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1981	0.391338	0.391338	Not App.
A	1982	0.234907	0.234907	-39.97%
A	1983	1.113275	1.113275	373.92%
A	1984	1.152868	1.152868	3.56%
A	1985	1.935117	1.935117	67.85%
A	1986	1.916303	1.916303	-0.97%
A	1987	1.094458	1.094458	-42.89%
A	1988	0.488446	0.488446	-55.37%
A	1989	0.987887	0.987887	102.25%
A	1990	1.118458	1.118458	13.22%
A	1991	1.300905	1.300905	16.31%
A	1992	1.270364	1.270364	-2.35%
A	1993	1.530528	1.530528	20.48%
A	1994	0.964193	0.964193	-37.00%
A	1995	1.192445	1.192445	23.67%
A	1996	1.621441	1.621441	35.98%
A	1997	1.963791	1.963791	21.11%
A	1998	2.290944	2.290944	16.66%
A	1999	3.320401	3.320401	44.94%
A	2000	2.162223	2.162223	-34.88%
A	2001	0.791615	0.791615	-63.39%
A	2002	3.267321	3.267321	312.74%
F	2003	2.679000	2.679000	-18.01%
F	2004	3.354000	3.354000	25.20%
F	2005	3.356000	3.356000	0.06%

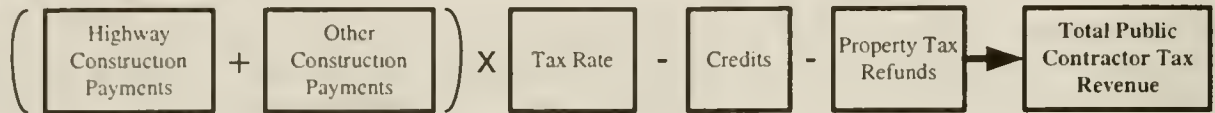


Legislative Fiscal Division

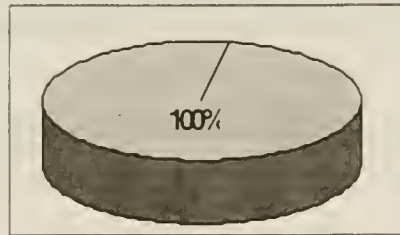
Revenue Estimate Profile

Public Contractors Tax

Forecast Methodology



Distribution Methodology



□ General Fund

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Gross Tax	Credits	Tax	DOT	Other
	Fiscal	Millions	Millions	Millions	& Refunds	Rate	Millions	Millions
Actual	2000	2.162223	2.162223	5.516069	3.444985	0.010000	234.875465	316.731435
Actual	2001	0.791615	0.791615	4.502749	3.711134	0.010000	200.507963	249.766937
Actual	2002	3.267321	3.267321	5.054973	1.787652	0.010000	217.749022	287.748278
Forecast	2003	2.679000	2.679000	5.281703	2.602623	0.010000	240.422000	287.748278
Forecast	2004	3.354000	3.354000	5.994510	2.640070	0.010000	311.702724	287.748278
Forecast	2005	3.356000	3.356000	6.037209	2.680621	0.010000	315.972588	287.748278

Legislative Fiscal Division

Revenue Estimate Profile

Railroad Car Tax

Revenue Description: All railroad property is subject to taxation as defined in the federal Railroad Revitalization and Regulatory Reform Act of 1976. The tax rate for class twelve property is the lesser of 12.0% or the average statutory tax rate for commercial and industrial property. Railroad car companies, which operate in several states, pay taxes on the portion of the property value allocated to Montana, based on the ratio of the car miles traveled within Montana to the total number of car miles traveled in all states, as well as time spent in the state relative to time spent in other states.

Applicable Tax Rate(s): The tax rate is equal to the previous year's average statewide tax rate for commercial and industrial property. This is multiplied by 95.0 percent of the average statewide mill levy for commercial and industrial property. The most current tax year rates are:

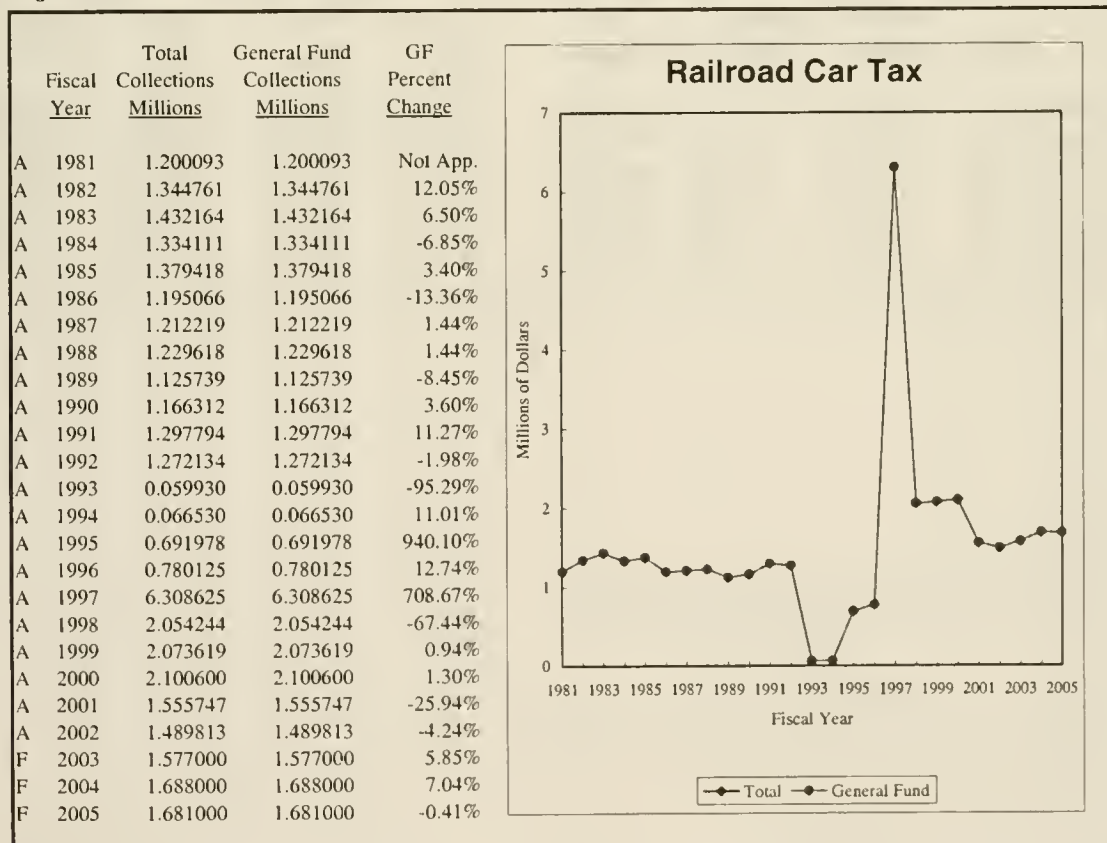
- 2003 – 4.02%
- 2004 – 4.00%
- 2005 – 3.92%

Distribution: All revenue from this tax is deposited into the general fund.

Statute: Title 15, Chapter 23, MCA

% of Total FY 2002 General Fund Revenue: 0.12%

Revenue Projection:

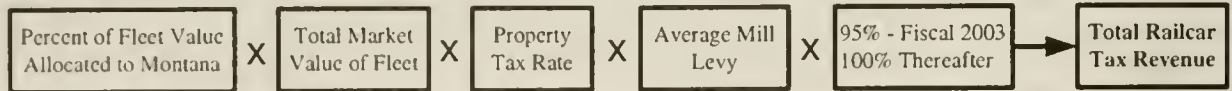


Legislative Fiscal Division

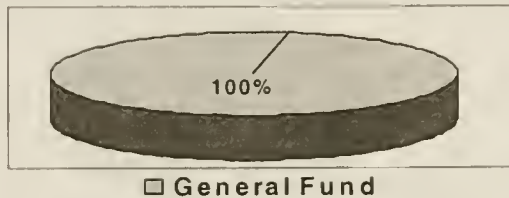
Revenue Estimate Profile

Railroad Car Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Total MV (CY)	Allocation	MT MV (CY)	Tax	Mills
	Fiscal	Millions	Millions	of Fleet	Percent	of Fleet	Rate	95 Percent
				Millions		Millions		
Actual	2000	2.100600	2.100600	17582.615541	0.005439	95.626964	0.060800	0.363540
Actual	2001	1.555747	1.555747	19335.425780	0.005021	97.074849	0.042700	0.380060
Actual	2002	1.489813	1.489813	20065.083606	0.004468	89.657366	0.042100	0.400980
Forecast	2003	1.577000	1.577000	19528.281944	0.004790	93.549680	0.040200	0.419250
Forecast	2004	1.688000	1.688000	20080.932323	0.004760	95.585238	0.040000	0.441320
Forecast	2005	1.681000	1.681000	20791.797327	0.004673	97.160069	0.039200	0.441320

Legislative Fiscal Division

Revenue Estimate Profile

Telecommunications Excise Tax

Revenue Description: The retail telecommunications excise tax is levied on the sales price of retail telecommunications services originating or terminating in the state. It is paid by the retail purchaser and collected by the provider.

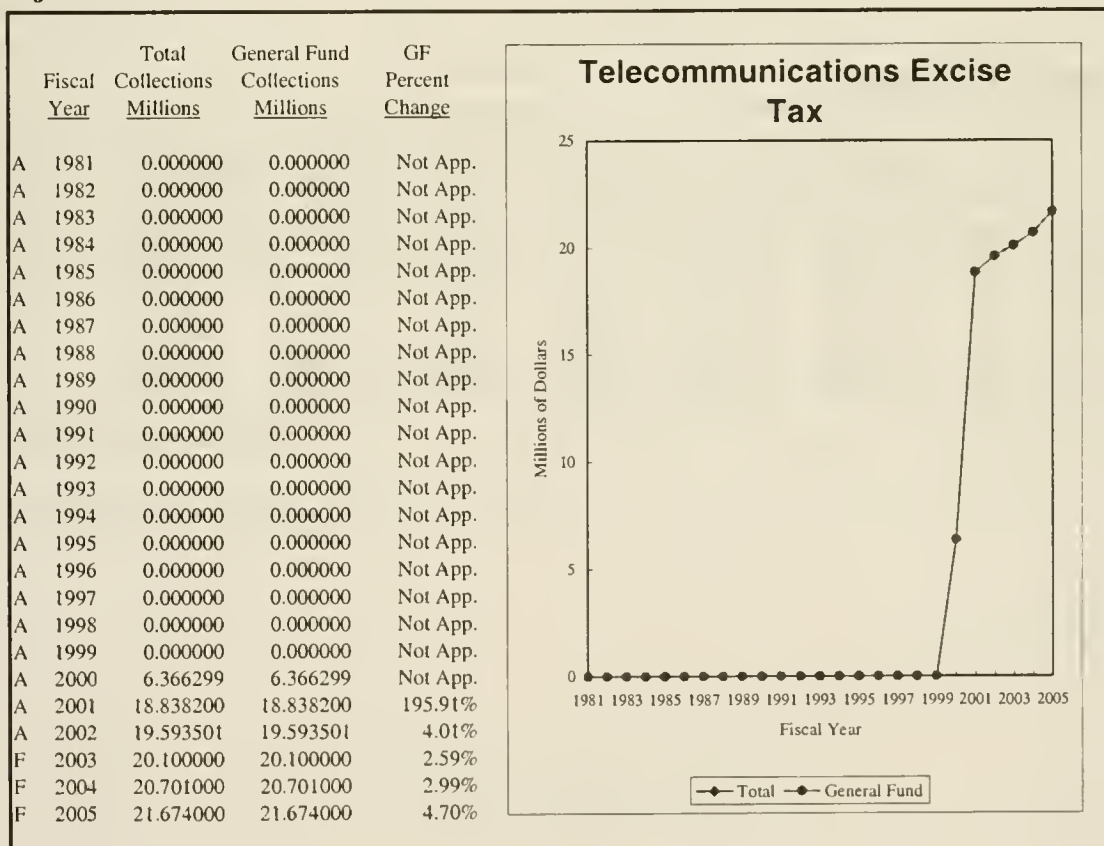
Applicable Tax Rate(s): The current tax rate of 3.75% is applied to the sales price of retail telecommunications services. Sales price includes payment for services such as distribution, supply, transmission, and delivery, but excludes federal taxes, relocation of service, equipment repair, prepaid calling cards, and other items. Gross receipts from the provision of internet services are also exempt. A credit is allowed for 20 percent of the costs of advanced telecommunications infrastructure improvements in the state up to a yearly maximum credit of \$2.0 million for all providers. However, Senate Bill 494 from the 2001 legislature suspended the credits for the 2003 biennium. The credit will become available for fiscal 2004 only.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 53, MCA

% of Total FY 2002 General Fund Revenue: 1.55%

Revenue Projection:

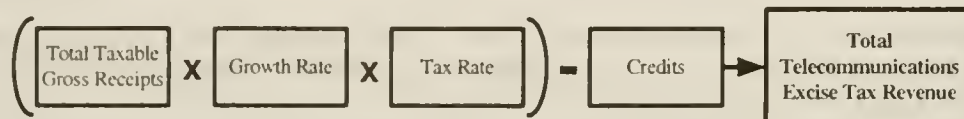


Legislative Fiscal Division

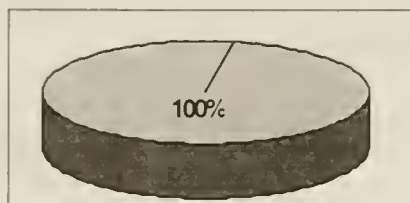
Revenue Estimate Profile

Telecommunications Excise Tax

Forecast Methodology



Distribution Methodology



□ General Fund

Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Taxable</u> <u>Millions</u>	<u>Tax</u> <u>Rate</u>	<u>Credits</u> <u>Millions</u>	<u>Audits</u> <u>Millions</u>
Actual	2000	6.366299	6.366299		0.037500	0.000000	0.000000
Actual	2001	18.838200	18.838200	506.318091	0.037500	0.429045	1.820000
Actual	2002	19.593501	19.593501	525.235123	0.037500	0.134664	0.000000
Forecast	2003	20.100000	20.100000	535.990925	0.037500	0.000000	0.000000
Forecast	2004	20.701000	20.701000	560.012816	0.037500	0.300000	0.000000
Forecast	2005	21.674000	21.674000	585.963220	0.037500	0.300000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Before January 1, 2001, light vehicles (including vans and sport utility vehicles) were taxed at 1.4 percent of the depreciated value of the manufacturer's suggested retail price (MSRP).

Buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, and certain trailers, are taxed under a fee schedule that varies by age and weight. Motorcycles are taxed under a fee schedule based on age and engine size.

Effective January 1, 2001, light vehicles are charged a registration fee as a result of the passage of Legislative Referendum (LR) 115 (HB540) by the electorate in November 2000. The fee is \$195 for light vehicles of age between zero and four years, \$65 for vehicles between five and ten years of age, and \$6 for vehicles over ten years old. LR 115 also lowers the registration fees charged on motorcycles and quadricycles. Under the law before LR 115, motorcycles were charged a fee based on four age categories and three engine size categories. Under LR 115 and beginning January 1, 2001, the number of age categories was reduced to three and the number of engine size categories remains the same.

Effective January 1, 2003, the fee schedule on heavy trucks is reduced by 1/6th for calendar 2003, by 1/3rd for calendar 2004 and by 1/2 for calendar 2005. These changes were enacted by HB 247 in the 2003 legislative session.

Applicable Tax Rate(s): Varies

Distribution: Before the enactment of House Bill 124 by the 2001 legislature, all registration fees from newly titled light vehicles were deposited into the highway restricted state special revenue account. Ten percent of registration fees collected on light vehicles was distributed to a state special revenue account to fund certain district court expenses. The remaining 90 percent of light vehicle registrations fees and fees in lieu of taxes for motorcycles and quadricycles were distributed in the relative proportions required by the levies for county, school district, and municipal purposes in the same manner as personal property taxes are distributed. No registration fee revenue from light vehicles and motorcycles and quadricycles was distributed to state mills, nor to the 9 mill welfare levy. The votech levy (1.5 mills) continued to receive a share of this revenue. All other registration fees and fees in lieu of taxes (on large trucks, trailers, motor homes, campers etc.) were distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes based on prior year mills. This revenue source represented one component used to calculate total non levy property tax revenue.

After the enactment of House Bill 124, all these fees are deposited into the state general fund beginning July 1, 2001.

Statute: Title 61, Chapter 3, MCA

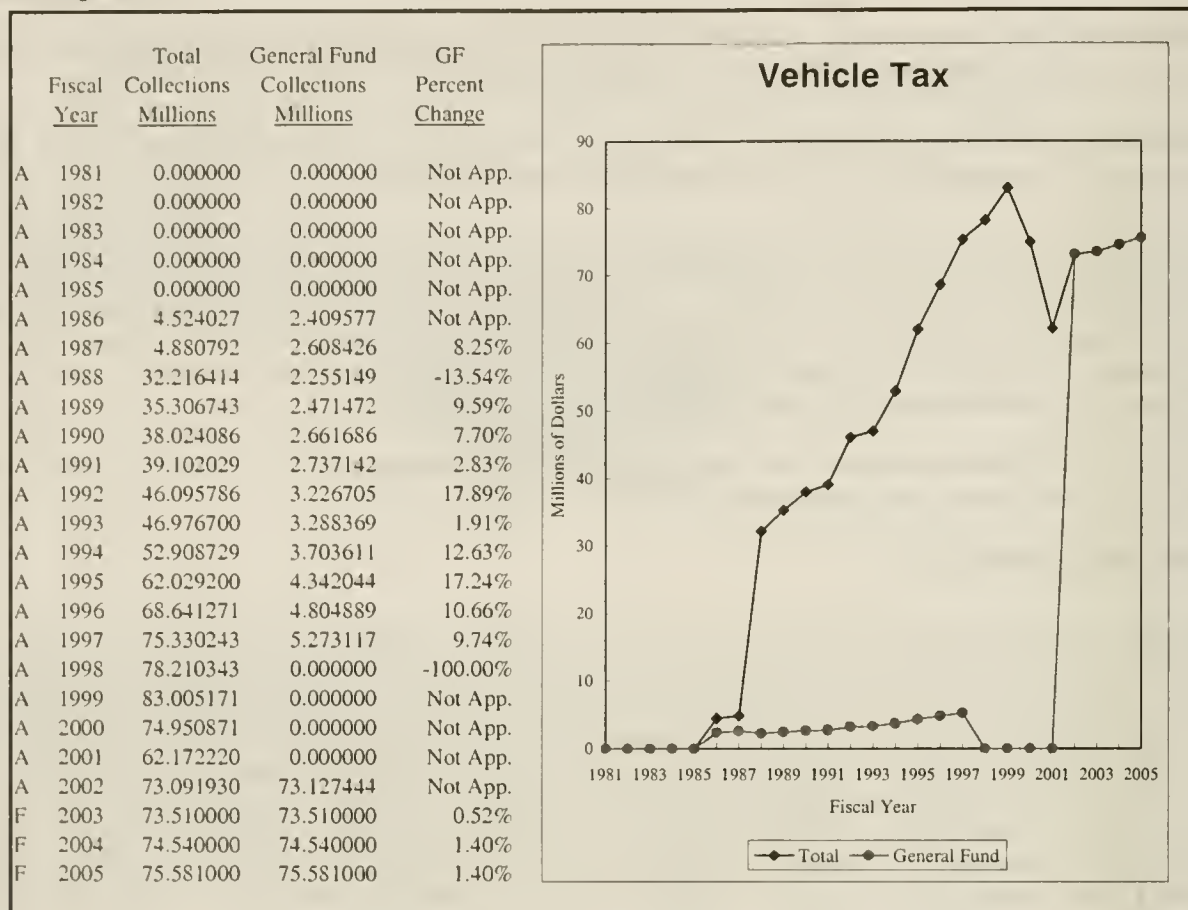
% of Total FY 2002 General Fund Revenue: 5.78%

Legislative Fiscal Division

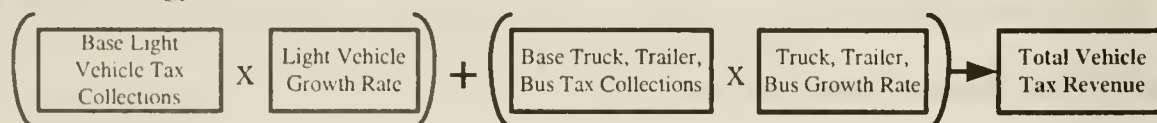
Revenue Estimate Profile

Vehicle Tax

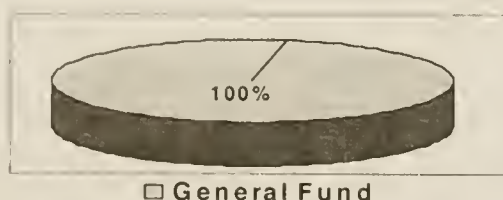
Revenue Projection:



Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Non-GF Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000			
Actual	2001			
Actual	2002	73.091930	73.127444	-0.035514
Forecast	2003	73.510000	73.510000	0.000000
Forecast	2004	74.540000	74.540000	0.000000
Forecast	2005	75.581000	75.581000	0.000000

	<u>t</u>	<u>Large</u>	<u>Motor</u>	<u>Light</u>	<u>Boats/</u>	<u>MCO</u>	<u>District</u>
	<u>Fiscal</u>	<u>Truck</u>	<u>Home</u>	<u>Vehicle</u>	<u>Snow</u>	<u>Registration</u>	<u>Courts</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000						
Actual	2001						
Actual	2002	5.383664	3.607418	54.602101	2.075694	7.458568	-0.035514
Forecast	2003	5.496721	3.683174	55.058549	2.119284	7.615198	0.000000
Forecast	2004	5.612152	3.760521	56.214779	2.163789	7.775117	0.000000
Forecast	2005	5.730007	3.839492	57.395289	2.209229	7.938394	0.000000

	<u>t</u>	<u>Large</u>	<u>Motor</u>	<u>Light</u>	<u>Boats/</u>	<u>MCO</u>
	<u>Fiscal</u>	<u>Truck</u>	<u>Home</u>	<u>Vehicle</u>	<u>Snow</u>	<u>Registration</u>
		<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Actual	2000					
Actual	2001					
Actual	2002					
Forecast	2003	0.021000	0.021000	0.021000	0.021000	0.021000
Forecast	2004	0.021000	0.021000	0.021000	0.021000	0.021000
Forecast	2005	0.021000	0.021000	0.021000	0.021000	0.021000

NATURAL RESOURCE TAXES

Coal Severance Tax
Electrical Energy Tax
Metalliferous Mines Tax

Oil & Natural Gas Production Tax
Resource Indemnity Tax
US Mineral Royalty
Wholesale Energy Tax



Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Revenue Description: For large producers, the coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax.

Applicable Tax Rate(s): 10.0% - on coal with a heating quality < 7,000 BTU
15.0% - on coal with a heating quality > 7,000 BTU

Distribution: (Percentage)	Fiscal	Fiscal	Fiscal	Fiscal
<u>Account Name</u>	<u>1998-1999</u>	<u>2000-2002</u>	<u>2003</u>	<u>2004-2007</u>
Permanent Trust	25.00	0.00	0.00	12.50
Treasure State Endowment	25.00	37.50	37.50	25.00
TSEP Regional Water	0.00	12.50	12.50	12.50
General Fund	25.25	26.79	33.04	27.40
LRBP - Cash Account	12.00	12.00	10.00	12.00
LRBP - Debt Service	1.30	0.00	0.00	0.00
Park Acquisition Trust	1.27	1.27	0.00	1.27
Cultural Trust	0.00	0.63	0.00	0.63
Cultural & Aesthetic Projects	0.87	0.00	0.00	0.00
Water Development	0.95	0.95	0.95	0.95
Other Uses:	8.36	8.36	6.01	7.75

"Other Uses" Include:

Local Impact (Coal Board)
Growth Through Agriculture
State Library
Conservation Districts
County Land Planning*

* before FY 2004

Statute: Title 15, Chapter 35, MCA

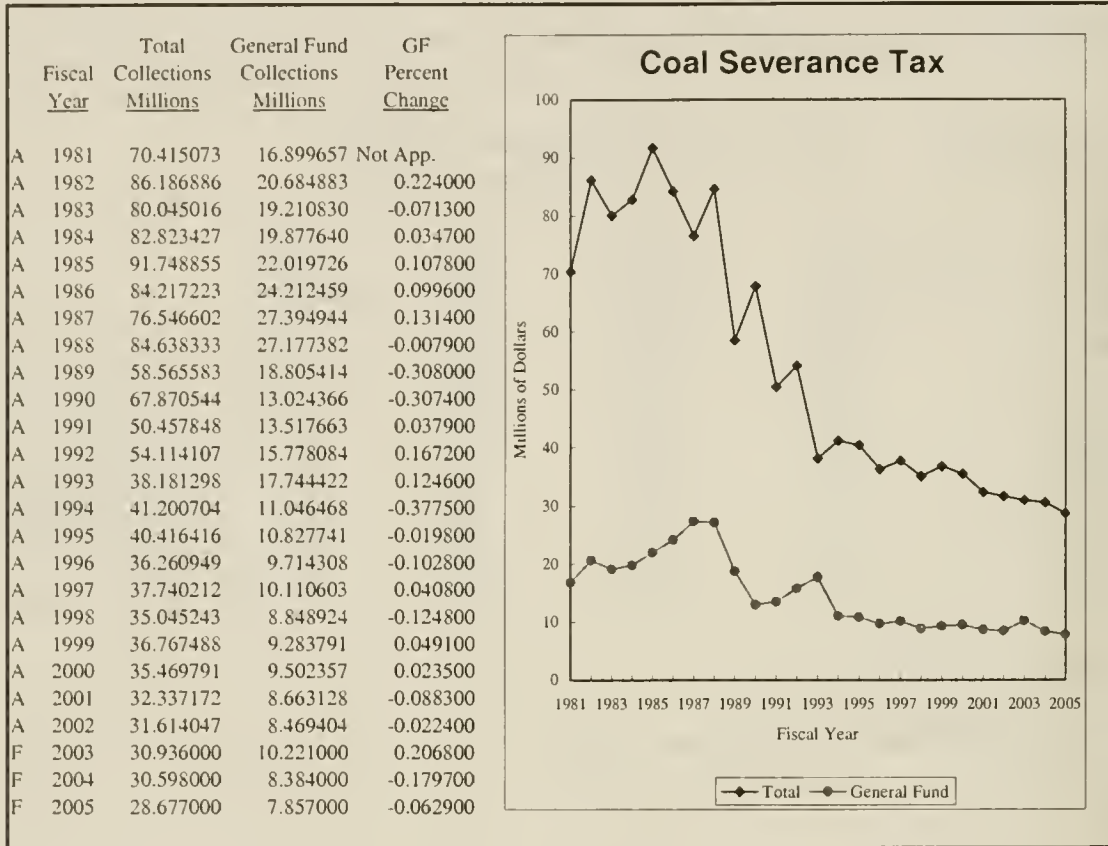
% of Total FY 2002 General Fund Revenue: 0.67%

Legislative Fiscal Division

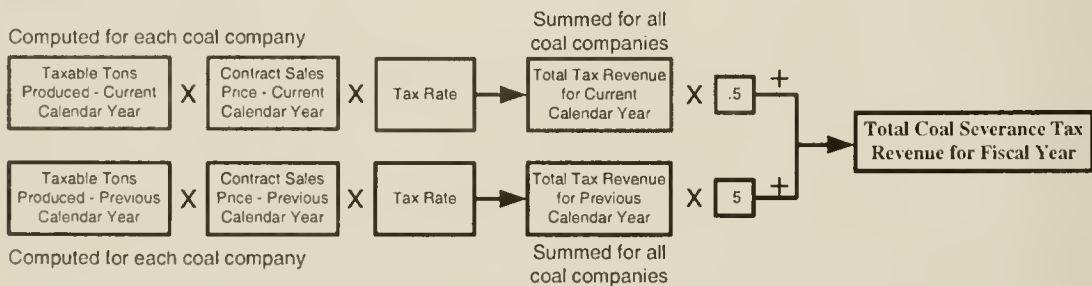
Revenue Estimate Profile

Coal Severance Tax

Revenue Projection:



Forecast Methodology

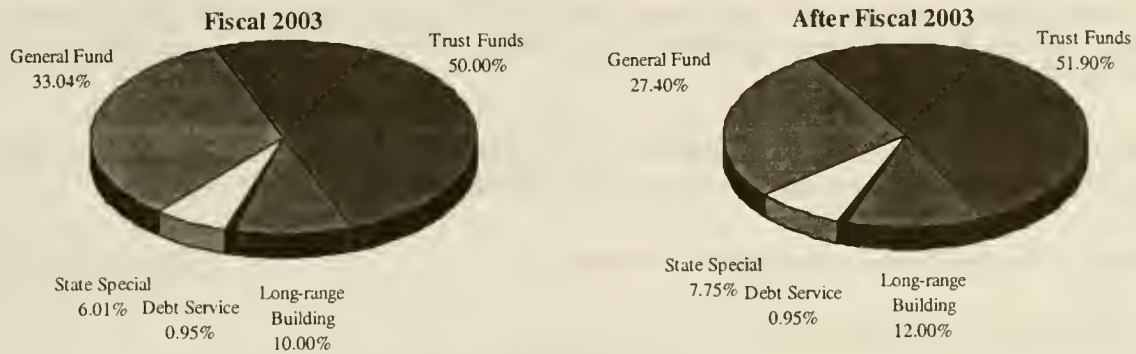


Legislative Fiscal Division

Revenue Estimate Profile

Coal Severance Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>GF Percent</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Allocation</u>
Actual	2000	35.469791	9.502357	0.267900
Actual	2001	32.337172	8.663128	0.267900
Actual	2002	31.614047	8.469404	0.267900
Forecast	2003	30.936000	10.221000	0.330400
Forecast	2004	30.598000	8.384000	0.274000
Forecast	2005	28.677000	7.857000	0.274000

	<u>t</u>	<u>Tons (CY)</u>	<u>CSP (CY)</u>	<u>Tax</u>	<u>Tax</u>	<u>Calendar</u>	<u>Effective</u>
	<u>Cal</u>	<u>Millions</u>	<u>Dollars</u>	<u>Rate</u>	<u>Rate</u>	<u>Tax</u>	<u>Rate</u>
Actual	2000	31.784308	6.588243	0.150000	0.100000	31.253448	0.149250
Actual	2001	32.961265	6.266994	0.150000	0.100000	30.883924	0.149510
Forecast	2002	33.392000	6.293003	0.150000	0.100000	31.393697	0.149397
Forecast	2003	32.806000	6.219197	0.150000	0.100000	30.477350	0.149379
Forecast	2004	33.065000	6.218829	0.150000	0.100000	30.717141	0.149384
Forecast	2005	29.950000	5.957245	0.150000	0.100000	26.636228	0.149290

Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Description: The electrical energy license tax is imposed on each person or organization engaged in generating, manufacturing, or producing electrical energy in Montana. This tax is in addition to the wholesale energy transaction tax enacted by the 1999 legislature (HB 174).

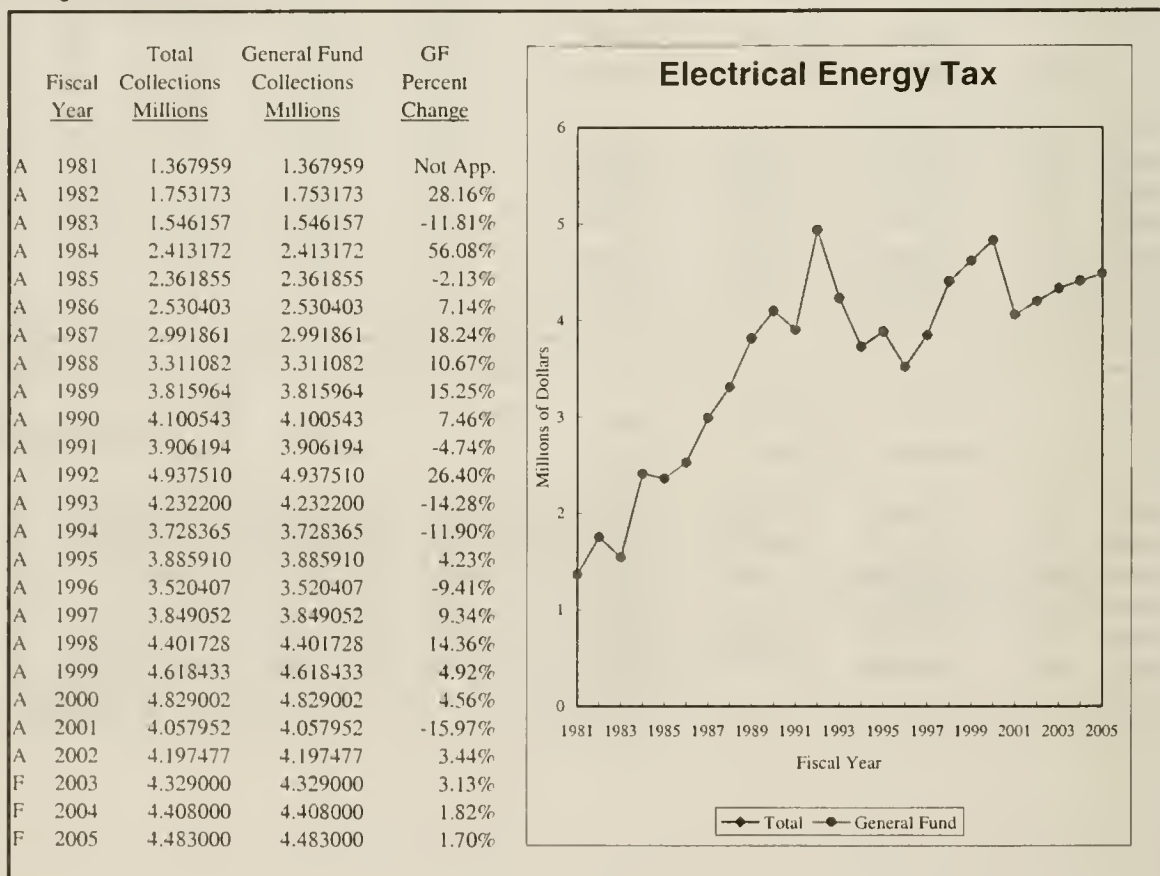
Applicable Tax Rate(s): The tax of \$0.0002 per kilowatt-hour is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy use by the plant for the production of the energy.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 32 and Chapter 51, MCA

% of Total FY 2002 General Fund Revenue: 0.33%

Revenue Projection:

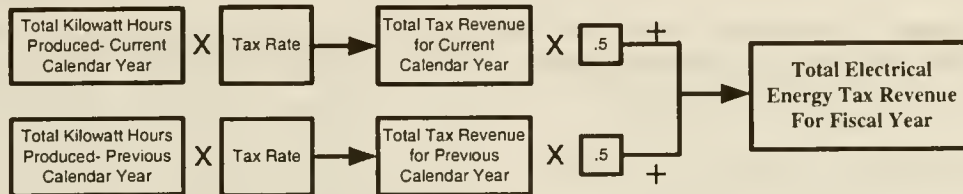


Legislative Fiscal Division

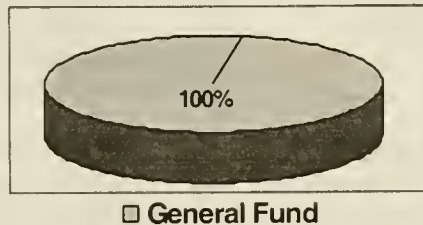
Revenue Estimate Profile

Electrical Energy Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	KWH CY	KWH FY	Credits	Tax
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>
Actual	2000	4.829002	4.829002	21518.947177	22937.761931	0.000189	0.000200
Actual	2001	4.057952	4.057952	21083.324572	20444.170990	0.000000	0.000200
Actual	2002	4.197477	4.197477	21440.954697	21642.219243	0.000000	0.000200
Forecast	2003	4.329000	4.329000	21849.848310	21645.401504	0.000000	0.000200
Forecast	2004	4.408000	4.408000	22231.633786	22040.741048	0.000000	0.000200
Forecast	2005	4.483000	4.483000	22602.771343	22417.202565	0.000000	0.000200

Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Revenue Description: The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced.

Applicable Tax Rate(s): The tax rate is as follows:

For concentrates shipped to a smelter, mill, or reduction work:		For gold, silver, or any platinum group metal that is dore*, bullion, or matte* and that is shipped to a refinery:	
Gross Value	Rate	Gross Value	Rate
\$0-\$250,000	Exempt	\$0-\$250,000	Exempt
\$250,001 and Above	1.81%	\$250,001 and Above	1.6%

* Dore: A mixture of gold and silver in cast bars
Matte: A crude mixture of sulfides formed in smelting sulfide ores of metals

Distribution: The distribution of the metal mines tax has been altered several times during the 1990s. The 2001 legislature enacted Senate Bill 484 (effective July 1, 2002) that creates a hard-rock mining reclamation debt service fund to pay debt service on the \$8.0 million of bonds authorized for state costs related to hard-rock mining reclamation, operation, and maintenance. The 8.5 percent allocation of metalliferous mines tax revenue previously allocated to the orphan share account is now allocated to the hard-rock mining reclamation debt service fund. The table below shows recent historical distributions of the tax.

Distribution of Metalliferous Mines Tax (Percent)					
	Fiscal 1994-1995	Fiscal 1996-1997	Fiscal 1998-2002	Fiscal 2003	Fiscal 2004&Beyond
General Fund	58.0	58.0	58.0	65.0	58.0
RIT Trust	15.5	0.0	0.0	0.0	0.0
Groundwater Assessment	0.0	2.2	0.0	0.0	0.0
Abandoned Mines	0.0	8.5	0.0	0.0	0.0
Orphan Share	0.0	0.0	8.5	0.0	0.0
Hard Rock Reclamation Debt Service	0.0	0.0	0.0	8.5	8.5
Reclamation & Dev. Grants	0.0	4.8	7.0	0.0	7.0
Hard Rock Mining	1.5	1.5	2.5	2.5	2.5
Counties	<u>25.0</u>	<u>25.0</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>
	100.0	100.0	100.0	100.0	100.0

Statute: Title 15, Chapter 37, MCA

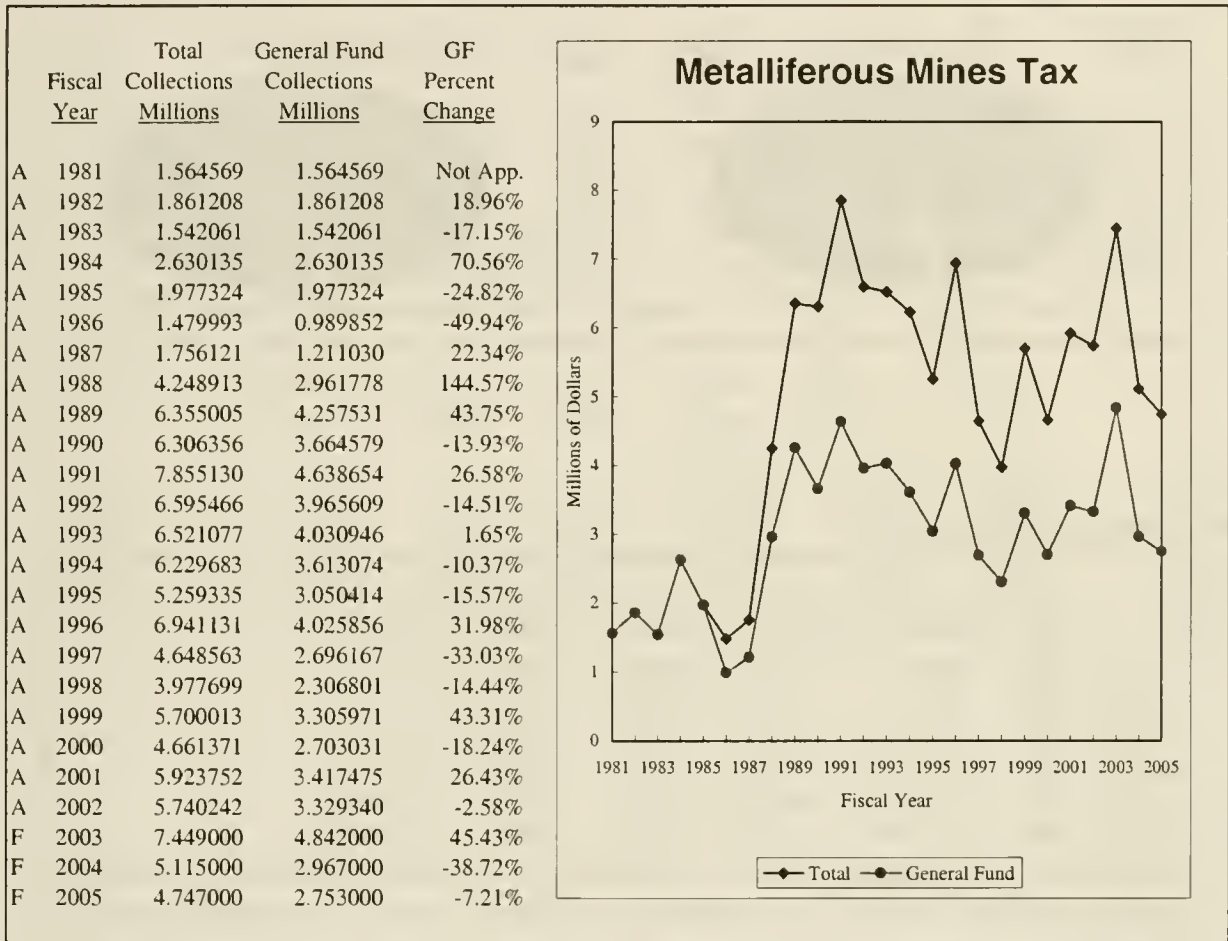
% of Total FY 2002 General Fund Revenue: 0.26%

Legislative Fiscal Division

Revenue Estimate Profile

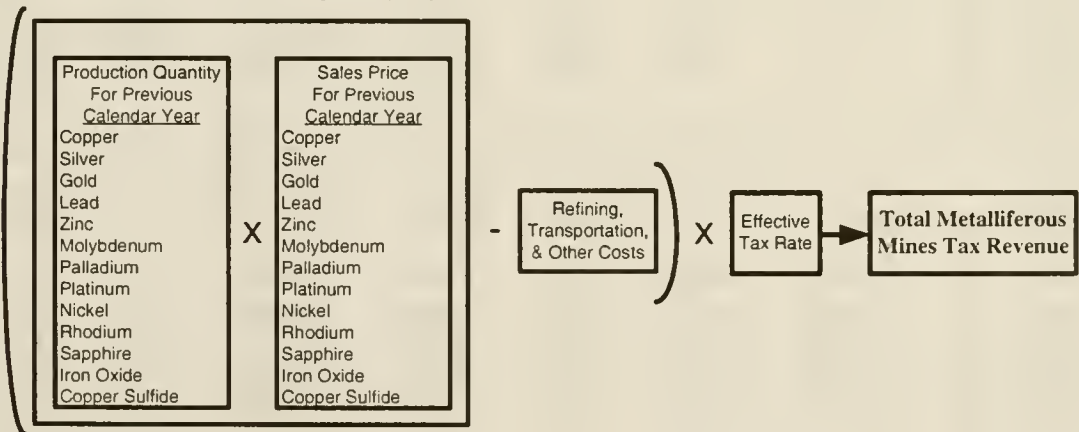
Metalliferous Mines Tax

Revenue Projection:



Forecast Methodology

Summed by Each Mining Company

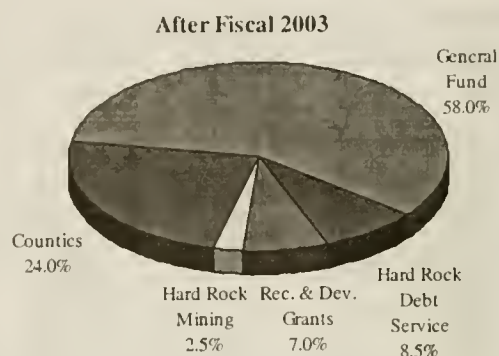
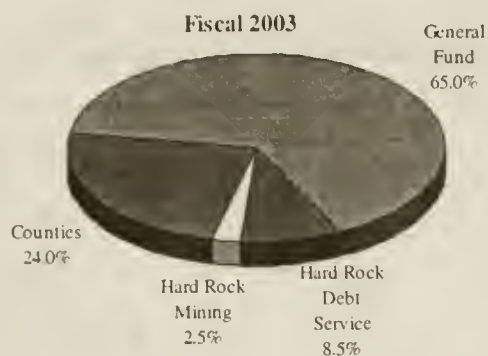


Legislative Fiscal Division

Revenue Estimate Profile

Metalliferous Mines Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax Value CY</u>	<u>Effective</u>	<u>GF Percent</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Allocation</u>
Actual	2000	4.661371	2.703031	362.467734	0.016343	57.9879%
Actual	2001	5.923752	3.417475	355.643466	0.016140	57.6911%
Actual	2002	5.740242	3.329340	291.782345	0.016140	58.0000%
Forecast	2003	7.449000	4.842000	339.486841	0.016140	65.0000%
Forecast	2004	5.115000	2.967000	294.323795	0.016140	58.0000%
Forecast	2005	4.747000	2.753000	293.911407	0.016140	58.0000%

Comdty. Prod.	<u>t</u>	<u>Copper</u>	<u>Silver</u>	<u>Gold</u>	<u>Lead</u>	<u>Zinc</u>	<u>Moly</u>	<u>Palladium</u>
	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	4.311635	1.579330	0.291116	10.105733	21.461326	5.352760	0.332272
Actual	2001	0.279519	0.867094	0.273483	14.750164	24.383338	0.000000	0.403431
Forecast	2002	0.343066	0.747801	0.183919	10.768170	23.819168	0.000000	0.493164
Forecast	2003	0.391310	0.751251	0.218935	10.768170	23.819168	0.000000	0.562643
Forecast	2004	0.391310	0.738399	0.076006	10.768170	23.819168	0.000000	0.562643
Forecast	2005	0.391310	0.738399	0.076006	10.768170	23.819168	0.000000	0.562643

Comdty. Prod.	<u>t</u>	<u>Platinum</u>	<u>Nickel</u>	<u>Rhodium</u>	<u>Sapphire</u>	<u>Iron Oxide</u>	<u>Copper Sul</u>	<u>Refining</u>
	<u>Cal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.090566	0.000000	0.000000	0.000000	0.000000	63.532751	-10.330456
Actual	2001	0.118020	0.626935	0.003480	0.000000	0.000000	0.000000	-18.811518
Forecast	2002	0.146836	0.769465	0.004271	0.000000	0.000000	0.000000	-18.811518
Forecast	2003	0.167357	0.877671	0.004872	0.000000	0.000000	0.000000	-18.811518
Forecast	2004	0.167357	0.877671	0.004872	0.000000	0.000000	0.000000	-18.811518
Forecast	2005	0.167357	0.877671	0.004872	0.000000	0.000000	0.000000	-18.811518

Legislative Fiscal Division

Revenue Estimate Profile Metalliferous Mines Tax

Comdty. Price	t Cal	Copper Dollars	Silver Dollars	Gold Dollars	Lead Dollars	Zinc Dollars	Moly Dollars	Palladium Dollars
Actual	2000	0.646454	4.603820	276.279562	0.200607	0.502159	2.055080	532.358802
Actual	2001	0.624133	4.067554	267.641016	0.217897	0.377707	0.000000	547.982168
Forecast	2002	0.635294	4.630000	306.000000	0.218968	0.377707	0.000000	321.000000
Forecast	2003	0.629714	4.440000	322.000000	0.215118	0.377707	0.000000	321.000000
Forecast	2004	0.632504	4.680000	332.000000	0.213148	0.377707	0.000000	321.000000
Forecast	2005	0.631109	4.900000	324.000000	0.216283	0.377707	0.000000	321.000000

Comdty. Price	t Cal	Platinum Dollars	Nickel Dollars	Rhodium Dollars	Sapphire Dollars	Iron Oxide Dollars	Copper Sul Dollars
Actual	2000	534.518638			0.000000	0.000000	0.522703
Actual	2001	490.635630	2.024806	1404.394828	0.000000	0.000000	0.000000
Forecast	2002	500.000000	2.024806	1404.394828	0.000000	0.000000	0.000000
Forecast	2003	500.000000	2.024806	1404.394828	0.000000	0.000000	0.000000
Forecast	2004	500.000000	2.024806	1404.394828	0.000000	0.000000	0.000000
Forecast	2005	500.000000	2.024806	1404.394828	0.000000	0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Description: The oil and natural gas production tax is imposed on the production of petroleum and other mineral or crude oil in the state. Gross taxable value of oil and natural gas production is based on the type of well and type of production.

Applicable Tax Rate(s): The oil & natural gas production tax has numerous tax rates and distribution percentages depending on several factors. These factors include whether the oil or gas is produced from a stripper well, an incentive well, from a well initially drilled before 1999 or after, from a well newly drilled within the last year or two, and whether the interest being taxed is the working interest or the royalty interest. The following table shows tax rates and distribution percentages for each type of pre-1999 oil and post-1999 oil. Tax rates were reduced by 0.04 percent beginning July 1, 2001 due to reduced revenue needs by the Board of Oil and Gas Conservation. Allocations were also changed July 1, 2001 in order to leave the general fund and the Resource Indemnity Trust with as much revenue as before the tax rate reduction. The 2001 legislature enacted House Bill 572 that further allocates the RIT share of the tax.

Oil and Natural Gas Production Tax Rates and Distribution of Revenue Beginning July 1, 2001						
		State Allocations				
	Tax Rate	Local Share	State Share	Other State Accounts*	P&L Share	Gen. Fund Share
Oil Production						
<u>Working Interests</u>						
Pre 99 after 12 Months	12.76%	60.91%	39.09%	8.75%	4.30%	86.95%
Post 99 First 12 Months	76.00%	0.00%	100.00%	63.48%	36.52%	0.00%
Post 99 after 12 months	9.26%	60.91%	39.09%	8.75%	4.30%	86.95%
Stripper 4-10 barrels per day	5.76%	86.31%	13.69%	63.48%	36.52%	0.00%
Stripper 11-15 barrels per day	9.26%	60.91%	39.09%	8.75%	4.30%	86.95%
Stripper Well Exemption	76.00%	0.00%	100.00%	63.48%	36.52%	0.00%
Pre99 Horizontal after 18 months	12.76%	60.91%	39.09%	8.75%	4.30%	86.95%
Post 99 Horizontal first 18 months	76.00%	0.00%	100.00%	63.48%	36.52%	0.00%
Post 99 Horizontal after 18 months	9.26%	60.91%	39.09%	8.75%	4.30%	86.95%
Incremental - secondary	8.76%	60.91%	39.09%	8.75%	4.30%	86.95%
Incremental - tertiary	6.06%	60.91%	39.09%	8.75%	4.30%	86.95%
Pre99 Horizontal Recomp - after 18 months	12.76%	60.91%	39.09%	8.75%	4.30%	86.95%
Post99 Horizontal Recomp - first 18 months	5.76%	0.00%	100.00%	8.75%	4.30%	86.95%
Post99 Horizontal Recomp - after 18 months	9.26%	60.91%	39.09%	8.75%	4.30%	86.95%
<u>Royalty interests</u>	15.06%	60.91%	39.09%	8.75%	4.30%	86.95%
Natural Gas Production						
<u>Working Interests</u>						
Pre-99 after 12 months	15.06%	86.27%	13.73%	14.99%	6.45%	78.56%
Post 99 first 12 months	0.76%	0.00%	100.00%	63.48%	36.52%	0.00%
Post 99 after 12 months	9.26%	86.00%	13.73%	14.99%	6.45%	78.56%
Pre 99 stripper wells	11.26%	86.27%	13.73%	14.99%	6.45%	78.56%
Horizontal first 18 months	0.76%	0.00%	100.00%	63.48%	36.52%	0.00%
Horizontal after 18 months	9.26%	86.27%	13.73%	14.99%	6.45%	78.56%
<u>Royalty Interests</u>	15.06%	86.27%	13.73%	14.99%	6.45%	78.56%

* Coal bed methane account (\$400,000 each year), general fund (all of the remainder in fiscal 2003 only), orphan share account (50% of the remainder after fiscal 2003), reclamation and development account (50% of the remainder after fiscal 2003). These allocations terminate June 30, 2011

* Coal bed methane account (\$400,000 each year), general fund (all of the remainder in fiscal 2003 only), orphan share account (50% of the remainder after fiscal 2003), reclamation and development account (50% of the remainder after fiscal 2003). These allocations terminate June 30, 2011

Legislative Fiscal Division

Revenue Estimate Profile

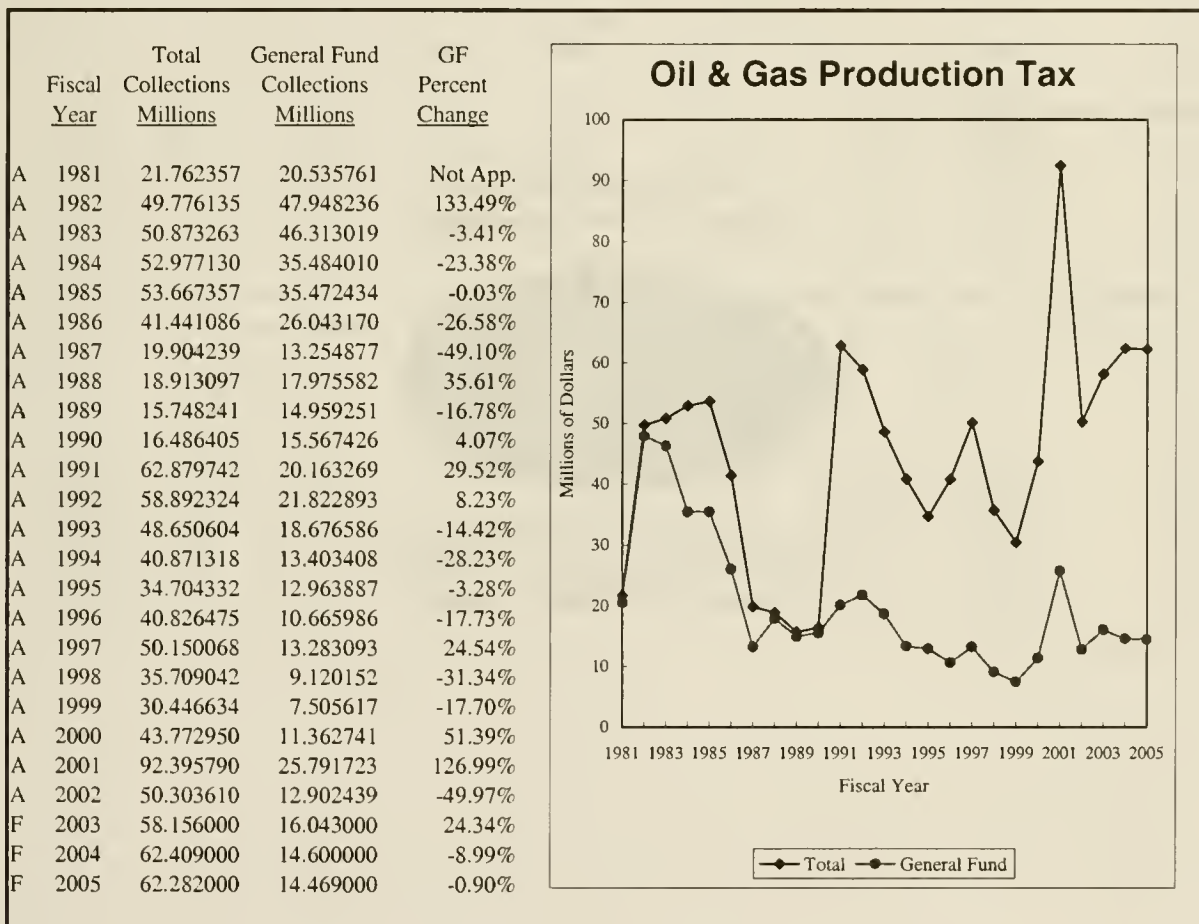
Oil and Natural Gas Production Tax

Distribution: Once the oil and natural gas production tax has been collected, it is divided into a local share and a state share. The state share is further allocated to the general fund and "other state accounts" as shown in the table above. These "other state accounts" include the general fund (fiscal 2003 only), the coal bed methane protection account, the orphan share account, the reclamation and development account, and a state special revenue account for use by the Board of Oil and Gas Conservation. Specific distribution percentages are found in the table above. The local share is distributed to local and state mill levies in the jurisdiction in which the resource is produced (See the Nonlevy Revenue section).

Statute: Title 15, Chapter 36, MCA

% of Total FY 2002 General Fund Revenue: 1.02%

Revenue Projection:

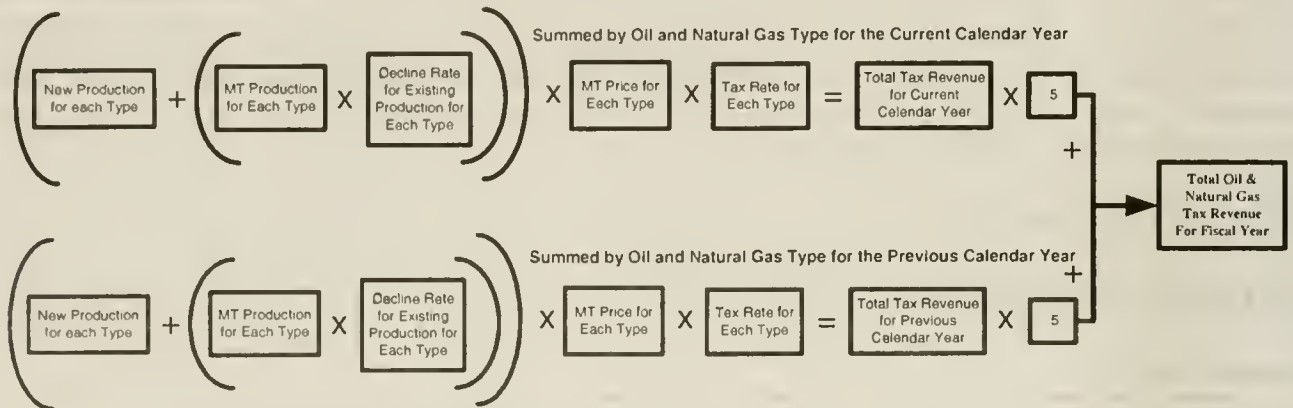


Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Forecast Methodology



Distribution Methodology

Oil & Natural Gas Production
Based on Fiscal 2002 Actual Amounts



Because the exact distribution of oil & natural gas revenue will vary depending on various factors, the chart only reflects fiscal 2002 actual distributions. Please see the table above for exact distribution percentages.

Legislative Fiscal Division

Revenue Estimate Profile

Oil and Natural Gas Production Tax

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Composite</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>GF Allocation</u>
Actual	2000	43.772950	11.362741	0.259584
Actual	2001	92.395790	25.791723	0.279144
Actual	2002	50.303610	12.902439	0.256491
Forecast	2003	58.156000	16.043000	0.275863
Forecast	2004	62.409000	14.600000	0.233937
Forecast	2005	62.282000	14.469000	0.232318

<u>Oil</u>	<u>t</u>	<u>Barrels</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per Barrel</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Actual	2000	15.770217	27.666849	436.312212	15.727729	0.114821	48.291803
Actual	2001	15.981505	22.816391	364.640267	13.200286	0.102083	35.876151
Forecast	2002	16.190594	23.129670	374.483107	13.631898	0.102561	37.125766
Forecast	2003	16.382958	22.299670	365.334549	13.307896	0.101680	35.969943
Forecast	2004	16.559932	21.799670	361.001056	13.158059	0.100891	35.322105
Forecast	2005	16.811918	21.299670	358.088299	13.034953	0.099838	34.694787

<u>Gas</u>	<u>t</u>	<u>MCF's</u>	<u>Price</u>	<u>Gross Value</u>	<u>Exempt Value</u>	<u>Effective</u>	<u>Total Tax</u>
	<u>Cal</u>	<u>Millions</u>	<u>Per MCF</u>	<u>Millions</u>	<u>Millions</u>	<u>Tax Rate</u>	<u>Millions</u>
Actual	2000	66.163277	2.901700	191.985981	9.066332	0.106032	19.395351
Actual	2001	76.713082	3.188642	244.610555	11.319744	0.104020	24.266868
Forecast	2002	84.503890	2.010000	169.852819	7.636583	0.104440	16.730885
Forecast	2003	91.671434	3.000000	275.014303	12.118831	0.102897	26.484492
Forecast	2004	98.265575	2.910000	285.952823	12.398641	0.101660	27.040177
Forecast	2005	104.332183	2.830000	295.260079	12.633415	0.100648	27.504855

Legislative Fiscal Division

Revenue Estimate Profile Resource Indemnity Tax

Revenue Description: The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal, as well as most minerals, excluding metals and oil and natural gas. Prior to July 1, 2002 when the Governor by executive order certified to the Secretary of State that the resource indemnity trust balance had reached \$100 million, a portion of oil and natural gas taxes had been distributed under the same methodology as the RIGWA tax. Once the RIT balance reached \$100 million, this portion of oil and natural gas taxes no longer has a connection to the RIGWA tax. The RIGWA tax on all other production is specific to each resource as described below.

Applicable Tax Rate(s): The applicable rates are as follows:

Coal: \$25 plus 0.4% of the gross value of coal produced in the preceding year in excess of \$6,250

Minerals: \$25 plus 0.5% of the gross value of minerals (excluding metals and excluding oil and natural gas because the resource indemnity trust has reached \$100 million) produced in the preceding year in excess of \$5,000

Talc: \$25 plus 0.4% of the gross value of talc produced in the preceding year in excess of \$625

Vermiculite: \$25 plus 2.0% of the gross value of vermiculite produced in the preceding year in excess of \$1,250

Limestone: \$25 plus 10.0% of the gross value of limestone produced in the preceding year in excess of \$250

Garnets: \$25 plus 1.0% of the gross value of garnets produced in the preceding year in excess of \$2,500

Distribution: Beginning fiscal 2003, \$366,000 each year of RIGWA tax proceeds is deposited in the ground water assessment account. The remainder of RIGWA tax proceeds is distributed in the following order:

1. 50.0% to the reclamation and development grants account
2. \$150,000 a year to the natural resource worker scholarship account (enacted by the 2001 legislature in Senate Bill 322 and effective for five fiscal years)
3. the remainder to the orphan share account

Statute: Title 15, Chapter 38, MCA

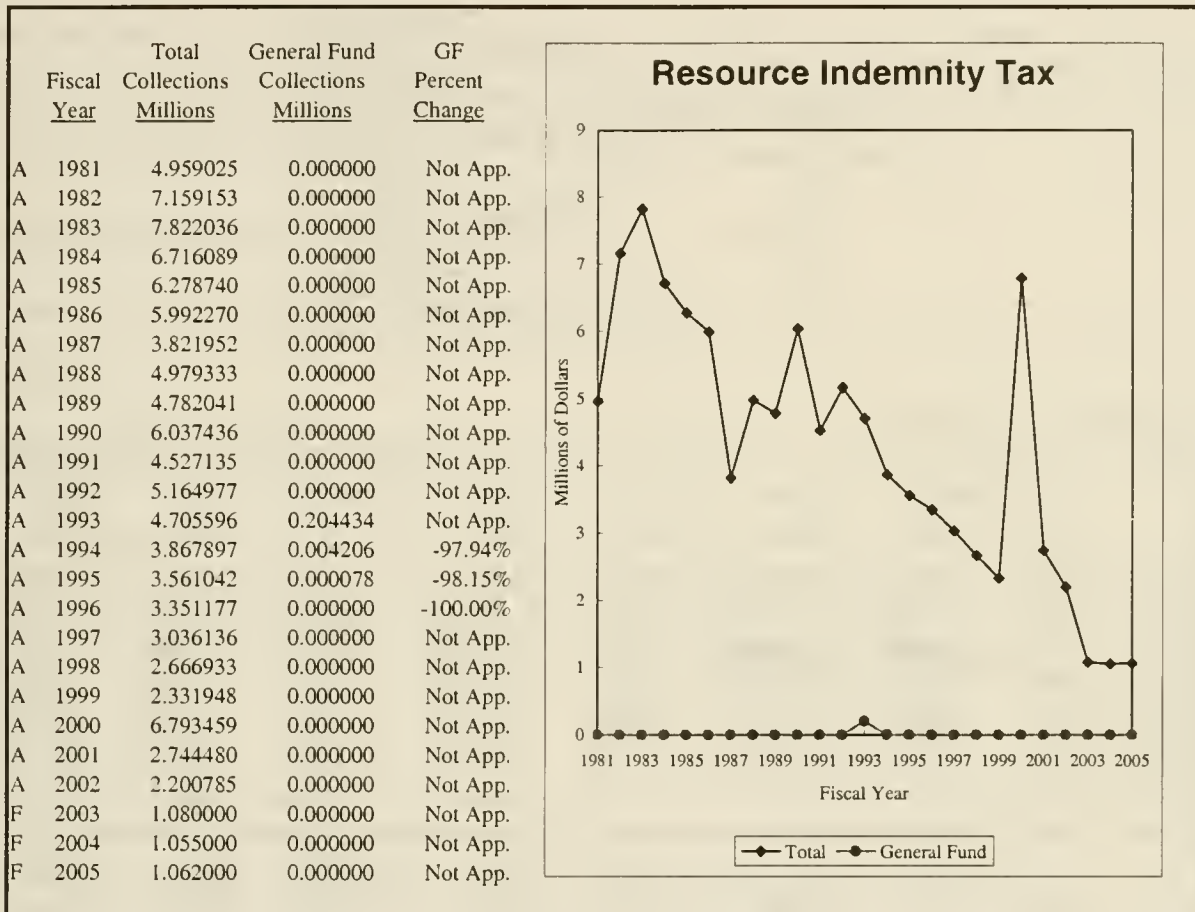
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

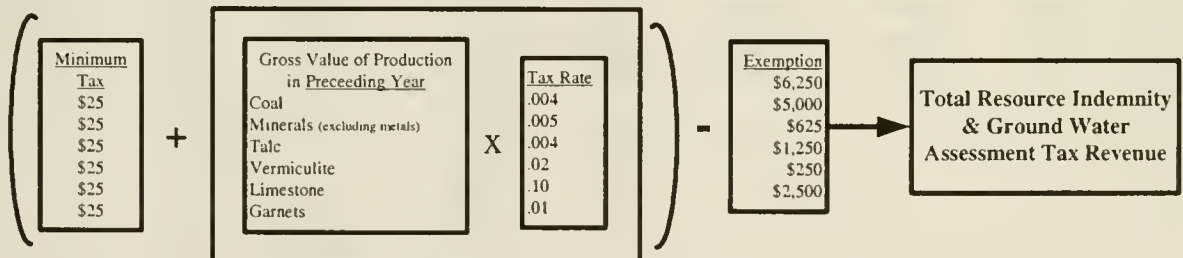
Revenue Estimate Profile

Resource Indemnity Tax

Revenue Projection:



Forecast Methodology

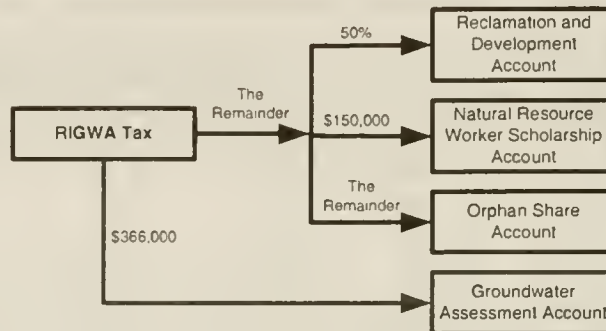


Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Oil</u>	<u>Natural Gas</u>	<u>Coal</u>	<u>Metals</u>	<u>Other</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	6.793459	0.000000	0.851792	0.159668	0.906413	0.000000	0.239000
Actual	2001	2.744480	0.000000	1.667407	0.000000	0.838000	0.000000	0.239000
Actual	2002	2.200785	0.000000	0.976477	0.000000	0.826000	0.000000	0.239000
Forecast	2003	1.080000	0.000000	0.000000	0.000000	0.841000	0.000000	0.239000
Forecast	2004	1.055000	0.000000	0.000000	0.000000	0.816000	0.000000	0.239000
Forecast	2005	1.062000	0.000000	0.000000	0.000000	0.823000	0.000000	0.239000

	<u>t</u>	<u>Trust Other</u>	<u>Trust Metal</u>	<u>Renewable</u>	<u>Ground</u>	<u>Reclamation</u>	<u>Orphan</u>	<u>Trust</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Balance</u>
Actual	2000	3.391472	0.000000	0.000000	0.521579	1.440204	1.440204	96.404163
Actual	2001	2.205880	0.000000	0.000000	0.300000	0.119300	0.119300	100.373547
Actual	2002	1.588631	0.000000	0.000000	0.300000	0.156077	0.156077	102.065653
Forecast	2003	0.000000	0.000000	0.000000	0.366000	0.357000	0.207000	99.999990
Forecast	2004	0.000000	0.000000	0.000000	0.366000	0.345000	0.194000	99.999990
Forecast	2005	0.000000	0.000000	0.000000	0.366000	0.348000	0.198000	99.999990

Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Description: Under the federal Mineral Lands Leasing Act (30 USC, Section 191), 50.0 percent of all sales, bonuses, royalties, and rentals received from federal lands in Montana must be paid to the state. The money is to be used as the legislature may direct, giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the federal act. The revenue produced on federal public lands includes royalties and bonuses from oil, gas, coal, and other mineral exploration and extraction.

Applicable Tax Rate(s): N/A

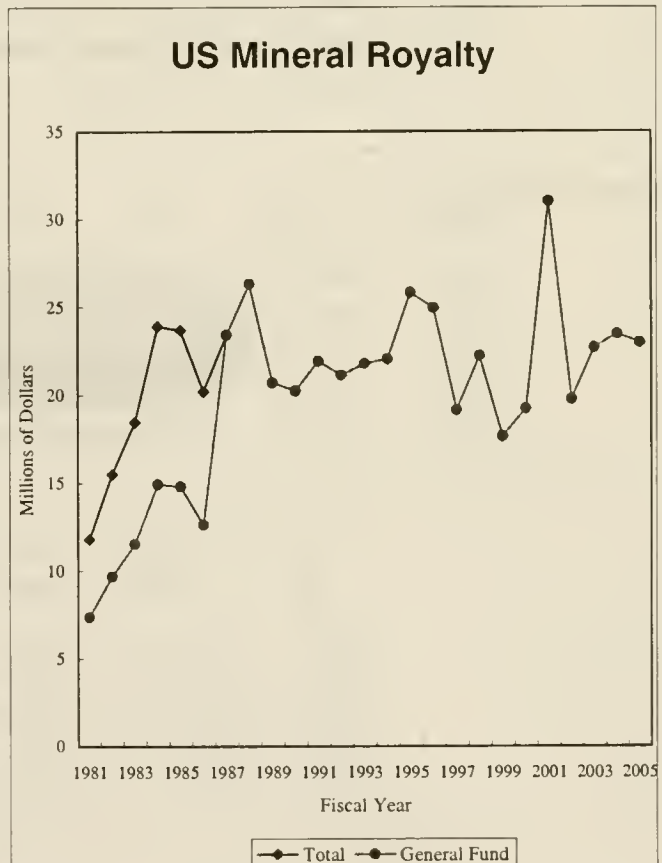
Distribution: All receipts are deposited into the general fund.

Statute: N/A

% of Total FY 2002 General Fund Revenue: 1.56%

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1981	11.808646	7.380404	Not App.
A	1982	15.508995	9.693122	31.34%
A	1983	18.468843	11.543027	19.08%
A	1984	23.917880	14.948556	29.50%
A	1985	23.708214	14.817634	-0.88%
A	1986	20.207422	12.629639	-14.77%
A	1987	23.433021	23.433021	85.54%
A	1988	26.327798	26.327798	12.35%
A	1989	20.727404	20.727404	-21.27%
A	1990	20.240644	20.240644	-2.35%
A	1991	21.928394	21.928394	8.34%
A	1992	21.150278	21.150278	-3.55%
A	1993	21.799728	21.799728	3.07%
A	1994	22.052161	22.052161	1.16%
A	1995	25.847747	25.847747	17.21%
A	1996	24.958952	24.958952	-3.44%
A	1997	19.161163	19.161163	-23.23%
A	1998	22.240950	22.240950	16.07%
A	1999	17.650315	17.650315	-20.64%
A	2000	19.242954	19.242954	9.02%
A	2001	31.007874	31.007874	61.14%
A	2002	19.772193	19.772193	-36.23%
F	2003	22.715000	22.715000	14.88%
F	2004	23.469000	23.469000	3.32%
F	2005	22.980000	22.980000	-2.08%

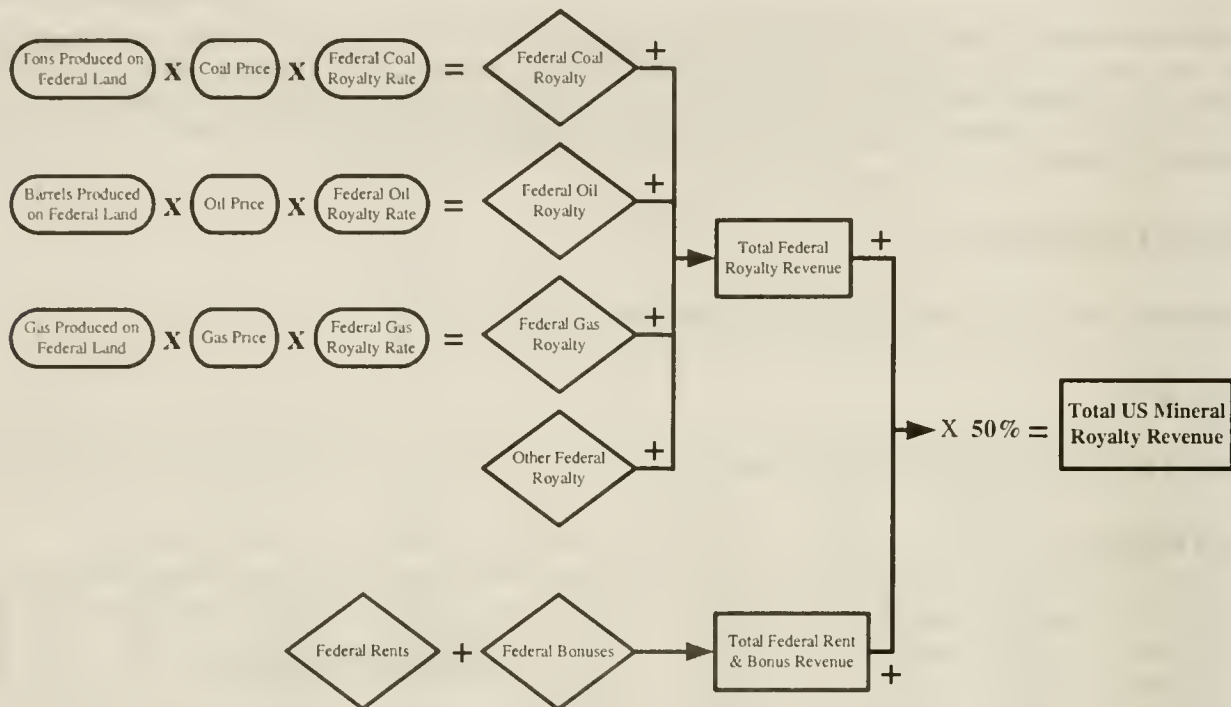


Legislative Fiscal Division

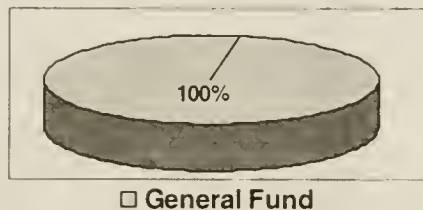
Revenue Estimate Profile

US Mineral Royalty

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

US Mineral Royalty

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>One-Time</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Settlement</u>
				<u>Millions</u>
Actual	2000	19.242954	19.242954	
Actual	2001	31.007874	31.007874	6.038000
Actual	2002	19.772193	19.772193	0.000000
Forecast	2003	22.715000	22.715000	0.000000
Forecast	2004	23.469000	23.469000	0.000000
Forecast	2005	22.980000	22.980000	0.000000

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Barrels</u>	<u>Tons</u>	<u>MCF's</u>	<u>Price</u>	<u>Price</u>	<u>Price</u>
Actual	2000	2.844204	23.263951	18.562337	26.936413	8.896481	3.716299
Actual	2001	2.882311	24.008898	21.522120	22.214013	8.184205	4.083795
Forecast	2002	2.920020	24.299180	23.707863	22.519021	8.464896	2.574271
Forecast	2003	2.954713	22.001140	25.718740	21.710934	8.300301	3.842195
Forecast	2004	2.986630	23.314760	27.568740	21.224134	8.194804	3.726929
Forecast	2005	3.101245	20.826560	29.270751	20.737335	7.729627	3.624471

	<u>t</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>	<u>Oil</u>	<u>Coal</u>	<u>Gas</u>
	<u>Cal</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Roy. Rate</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
Actual	2000	0.109451	0.122845	0.123153	8.385332	25.424898	8.495487
Actual	2001	0.109593	0.123490	0.123186	7.016987	24.265012	10.827055
Forecast	2002	0.109691	0.123400	0.122814	7.212840	25.382151	7.495395
Forecast	2003	0.109445	0.123229	0.122909	7.020851	22.503598	12.145427
Forecast	2004	0.109603	0.123186	0.122916	6.947585	23.535902	12.629218
Forecast	2005	0.109288	0.123337	0.123045	7.028481	19.854980	13.053966

	<u>t</u>	<u>Other</u>	<u>Rent&Bonus</u>	<u>Total</u>	<u>Adm. Fee</u>	<u>State</u>
	<u>Cal</u>	<u>Royalty</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Share</u>
Actual	2000	0.106007	2.538708	44.950432	1.039176	21.436040
Actual	2001	0.110419	5.361460	47.580933	0.259794	23.530673
Forecast	2002	0.107805	4.432048	44.630239	0.000000	22.315120
Forecast	2003	0.108077	4.449946	46.227899	0.000000	23.113950
Forecast	2004	0.107296	4.425656	47.645657	0.000000	23.822829
Forecast	2005	0.107726	4.226223	44.271376	0.000000	22.135688

Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

Revenue Description: The wholesale energy transaction tax, enacted by the 1999 legislature (HB 174) and effective January 1, 2000, is imposed on the amount of electricity transmitted by a transmission services provider in the state.

Applicable Tax Rate(s): The current tax rate of 0.015 cent is applied to the number of kilowatt hours transmitted. If the electricity is produced in-state and sold out-of-state, the taxpayer is the person(s) owning the electrical generation property, and the tax is collected by the transmission services provider. If the electricity is produced in-state for delivery in-state, or is produced outside the state for delivery in-state, the taxpayer is the distribution services provider, and the tax is collected by the transmission services provider. The tax does not apply to: 1) electricity that is transmitted through the state that is neither produced nor consumed in the state; 2) electricity generated in the state by an agency of the federal government for delivery outside the state; 3) electricity delivered to a distribution services provider that is a municipal utility or a rural electric cooperative which opts out of competition under HB 390 (1997 legislature); 4) electricity delivered to a purchaser that received its power directly from a transmission or distribution facility owned by an entity of the US government; 5) electricity meeting certain contractual requirements that is delivered by a distribution services provider that was first served by a public utility after December 31, 1996; and 6) electricity that has been subject to the transmission tax in another state.

Distribution: All proceeds are deposited into the general fund.

Statute: Title 15, Chapter 72, MCA

% of Total FY 2002 General Fund Revenue: 0.23%

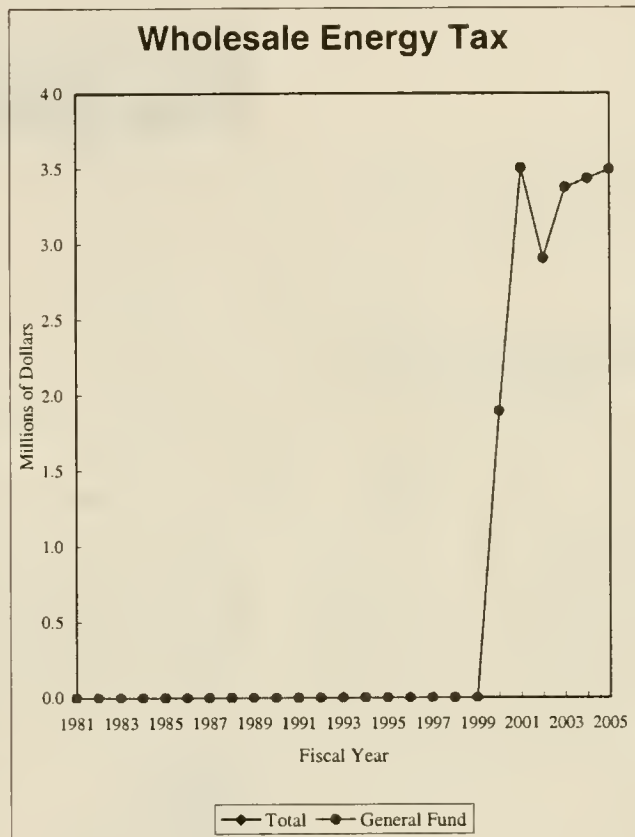
Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

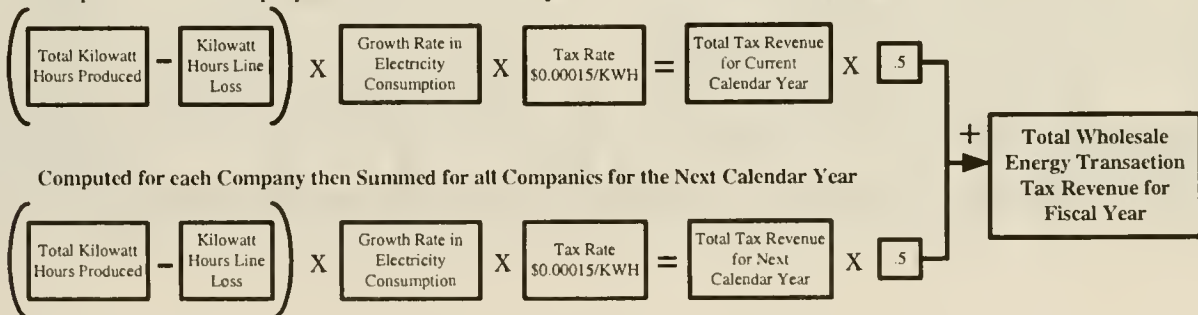
Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	0.000000	0.000000	Not App.
A	1992	0.000000	0.000000	Not App.
A	1993	0.000000	0.000000	Not App.
A	1994	0.000000	0.000000	Not App.
A	1995	0.000000	0.000000	Not App.
A	1996	0.000000	0.000000	Not App.
A	1997	0.000000	0.000000	Not App.
A	1998	0.000000	0.000000	Not App.
A	1999	0.000000	0.000000	Not App.
A	2000	1.894704	1.894704	Not App.
A	2001	3.503427	3.503427	84.91%
A	2002	2.906263	2.906263	-17.05%
F	2003	3.373000	3.373000	16.06%
F	2004	3.432000	3.432000	1.75%
F	2005	3.492000	3.492000	1.75%



Forecast Methodology

Computed for each Company then Summed for all Companies for the Current Calendar Year

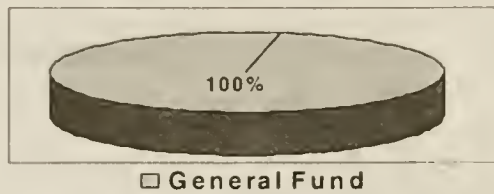


Legislative Fiscal Division

Revenue Estimate Profile

Wholesale Energy Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>KWH CY</u>	<u>KWH FY</u>	<u>Credits</u>	<u>Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>
Actual	2000	1.894704	1.894704	24014.897114	12273.924051	0.000000	0.000150
Actual	2001	3.503427	3.503427	22620.081642	22658.110488	0.000000	0.000150
Actual	2002	2.906263	2.906263	22987.511582	22775.157501	0.000000	0.000150
Forecast	2003	3.373000	3.373000	23398.126899	22489.410171	0.000000	0.000150
Forecast	2004	3.432000	3.432000	23794.853518	22880.160110	0.000000	0.000150
Forecast	2005	3.492000	3.492000	24218.357593	23278.167335	0.000000	0.000150

INTEREST EARNINGS

Capital Land Grant Interest
Coal Trust Interest
Common School Interest and Income
Cultural Trust Interest
Deaf & Blind Trust Interest
Parks Trust Interest

Pine Hills Trust Interest & Income
Regional Water Trust Interest
Resource Indemnity Trust Interest
Tobacco Trust Interest
Treasure State Endowment Interest
Treasury Cash Account Interest



Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Description: Lands granted by the federal government to the state generate income from a variety of sources. Section 12 of the *Enabling Act* requires that income generated on certain sections of federally granted land be used for public buildings at the state capital for construction, repair, renovation, and other permanent improvements of state buildings. Capital land grant funds can also be used for the acquisition of land for such buildings, as well as the payment of principal and interest on bonds issued for any of these purposes.

Non-permanent sources of revenue generated from capital land grant lands include: grazing fees, agricultural fees, miscellaneous fees and rentals, and oil and natural gas leases and penalties. Statute requires that 3.0 percent of total non-permanent revenue be allocated to the Department of Natural Resources and Conservation (DNRC) for resource development purposes. Senate Bill 48, passed by the 1999 legislature, allows an amount up to 10 percent of the previous year's revenue to be deposited each year in a state special revenue account used to fund the Trust Land Management Division of DNRC. Permanent sources of revenue generated from capital land grant lands include timber sales and oil and natural gas royalties. Timber sale revenue is used by DNRC to fund a portion of its timber program based on the amount appropriated by the legislature (the remaining portion is funded with timber sale revenue from the common school trust).

Applicable Tax Rate(s): N/A

Distribution: After deductions for DNRC administration, all capital land grant income is deposited into a capital projects fund to be used for projects on the state capital complex in accordance with the provisions of section 12 of the *Enabling Act*.

Statute: Title 18, Chapter 2, MCA

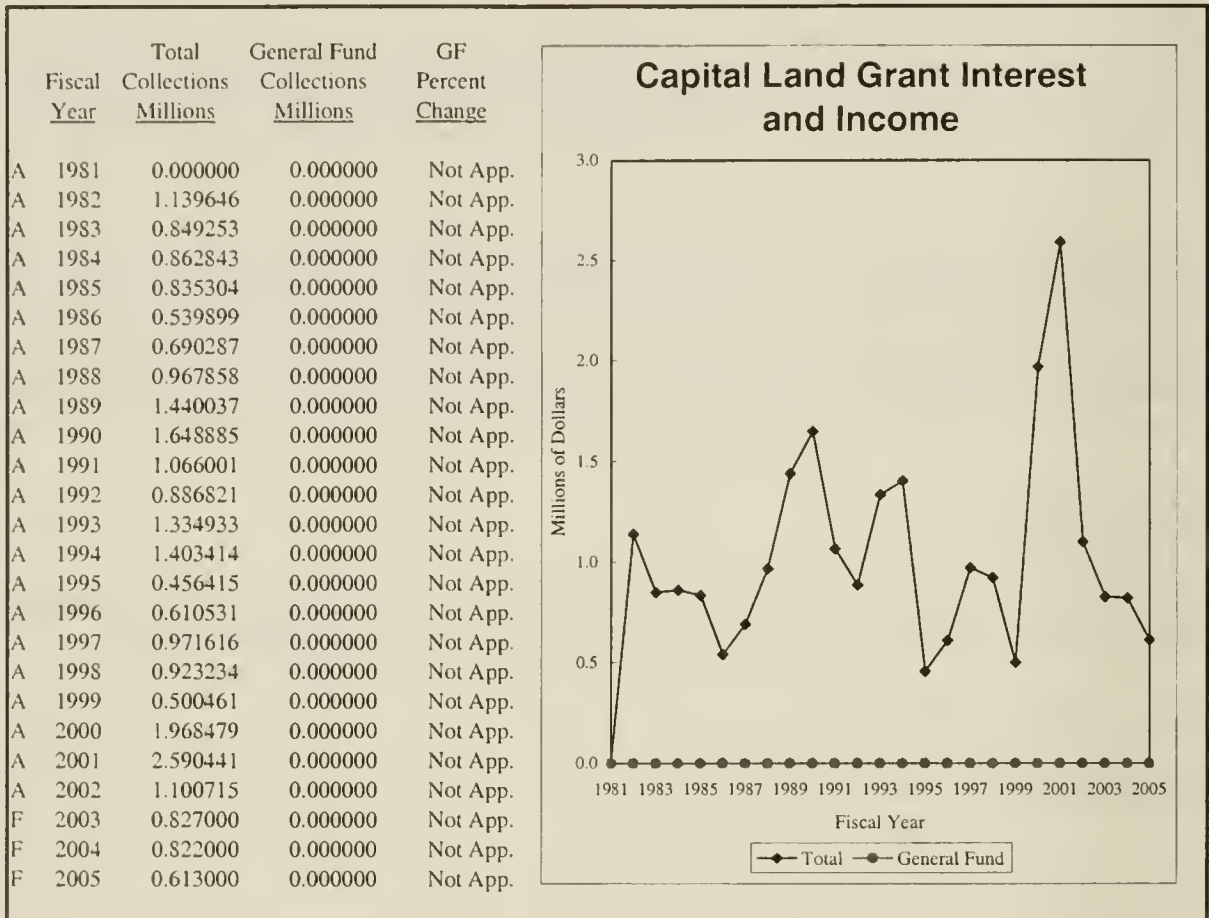
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Projection:

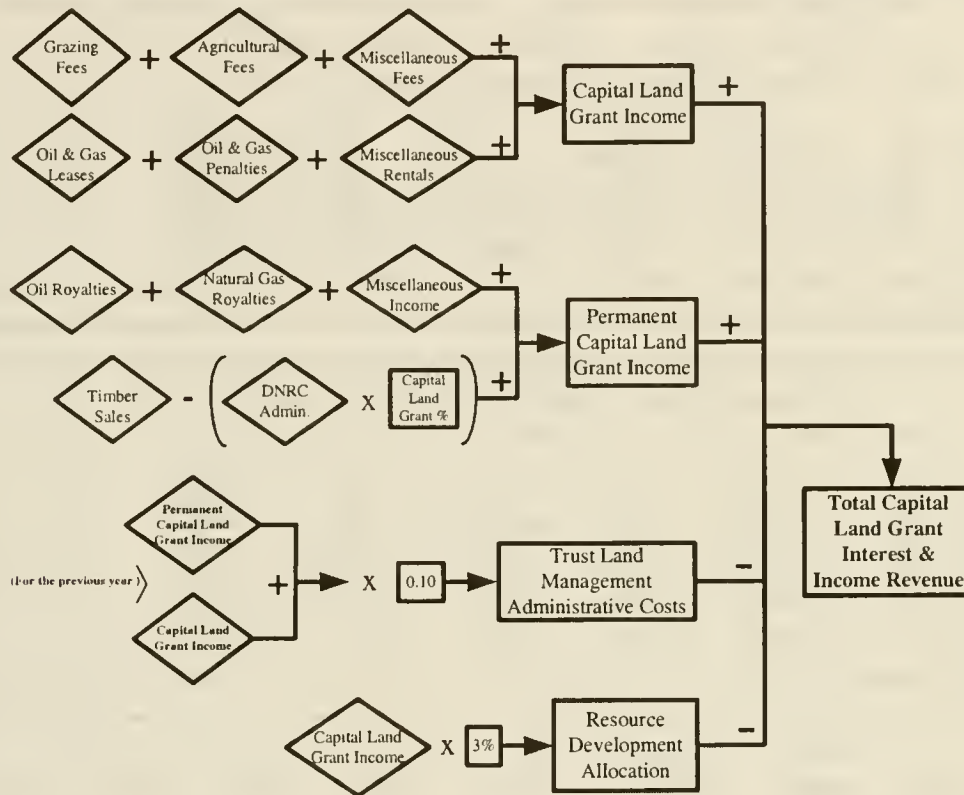


Legislative Fiscal Division

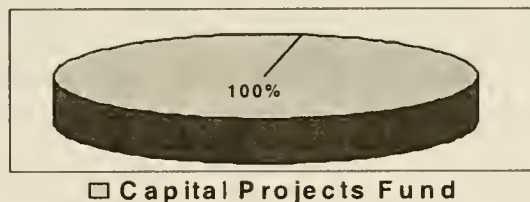
Revenue Estimate Profile

Capital Land Grant Interest and Income

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

Revenue Estimate Assumptions

	t	Total Rev.	GF Rev.	TFBP	STIP	Capital
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>Land Share</u>
				<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual	2000	1.968479	0.000000			0.000000
Actual	2001	2.590441	0.000000			0.000000
Actual	2002	1.100715	0.000000	29.670198	0.102471	0.000000
Forecast	2003	0.827000	0.000000	29.670198	0.233572	0.000000
Forecast	2004	0.822000	0.000000	29.796459	0.322461	0.000000
Forecast	2005	0.613000	0.000000	29.930892	0.446633	0.000000

	t	Trust Income	Trust Land	New Deposit	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	10.962021		7.0160%	5.9500%	11.676486
Actual	2001	12.667782	-0.048140	6.8830%	6.6400%	6.984553
Actual	2002	2.043058	-0.151480	6.3330%	3.5953%	7.334239
Forecast	2003	2.043058	-0.110072	6.1800%	2.4114%	7.334239
Forecast	2004	2.043058	-0.104440	6.5800%	3.5505%	7.334239
Forecast	2005	2.043058	-0.103400	6.9620%	5.1618%	7.334239

	t	Grazing	Agriculture	Misc.	O&G Lease	O&G Bonus	O&G Penalty	Misc.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.132580	0.044452	0.000000	0.019153	0.009104	0.002343	0.048046
Actual	2001	0.159924	0.043153	0.000000	0.013722	0.002980	0.003287	0.064391
Actual	2002	0.173945	0.030825	0.000000	0.018286	0.002180	0.004428	0.090509
Forecast	2003	0.151045	0.043153	0.000000	0.012627	0.002580	0.003188	0.062491
Forecast	2004	0.154374	0.043153	0.000000	0.012033	0.002380	0.002705	0.066359
Forecast	2005	0.159822	0.043153	0.000000	0.011786	0.002480	0.002514	0.070938

Legislative Fiscal Division

Revenue Estimate Profile

Capital Land Grant Interest and Income

	<u>t</u>	<u>Int. Land</u>	<u>Int. STIP</u>	<u>Int. Trust</u>	<u>Res. Dev.</u>	<u>Lease Total</u>	<u>Timber Cost</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	-0.007670	0.248008	
Actual	2001	0.000000	0.000000	0.000000	-0.008268	0.279189	
Actual	2002	0.000000	0.000000	0.000000	-0.008838	0.311335	
Forecast	2003	0.000000	0.000000	0.000000	-0.008253	0.266831	-0.098847
Forecast	2004	0.000000	0.000000	0.000000	-0.008430	0.272574	-0.099236
Forecast	2005	0.000000	0.000000	0.000000	-0.008721	0.281972	-0.038793

	<u>t</u>	<u>Oil Roy.</u>	<u>Gas Roy.</u>	<u>Timber</u>	<u>Misc.</u>	<u>Perm. Total</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.004394	0.004489	1.675671	0.028247	1.712801
Actual	2001	0.005659	0.008068	2.278363	0.010894	2.302984
Actual	2002	0.003264	0.002190	0.769197	0.005891	0.780542
Forecast	2003	0.003384	0.007773	0.745000	0.013157	0.670467
Forecast	2004	0.003265	0.006811	0.730000	0.012921	0.653761
Forecast	2005	0.003047	0.006579	0.450000	0.013659	0.434492

Legislative Fiscal Division

Revenue Estimate Profile

Coal Trust Interest

Revenue Description: Article IX, Section 5 of the Montana Constitution requires that 50.0 percent of all coal severance tax revenue be deposited in a permanent coal trust fund and that the principal of the trust "shall forever remain inviolate unless appropriated by a three-fourths vote of each house". Coal severance tax funds flowing into the trust fund are first used to secure state bonds issued to finance water resource and renewable resource development projects and activities. Through fiscal 2003, the funds are then split 75 percent to the treasure state endowment trust fund and 25 percent to the treasure state endowment regional water system trust fund. With the enactment of House Bill 610 by the 2001 legislature, beginning fiscal 2004 the funds are then split 50 percent to the treasure state endowment trust fund, 25 percent to the treasure state endowment regional water system trust fund, and 25 percent to the permanent trust fund. By statute, interest earned on the permanent trust that is not earmarked to other programs is deposited to the general fund. When calculating interest earnings, the impact of loans made from the trust, such as the in-state investment program, are taken into account.

As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created trust fund bond pool (TFBP). The majority of permanent coal tax trust funds are invested as part of the TFBP. Some funds, however, are invested on a short-term basis in the state's short-term investment pool (STIP). In addition, state law provides that trust funds may be used for in-state commercial loans to stimulate economic development. The state Constitution prohibits the investment of the permanent trust in common stock.

Applicable Tax Rate(s): N/A

Distribution: Interest earned on the permanent coal tax trust fund is deposited into the general fund.

Statute: Title 17, Chapter 6, MCA

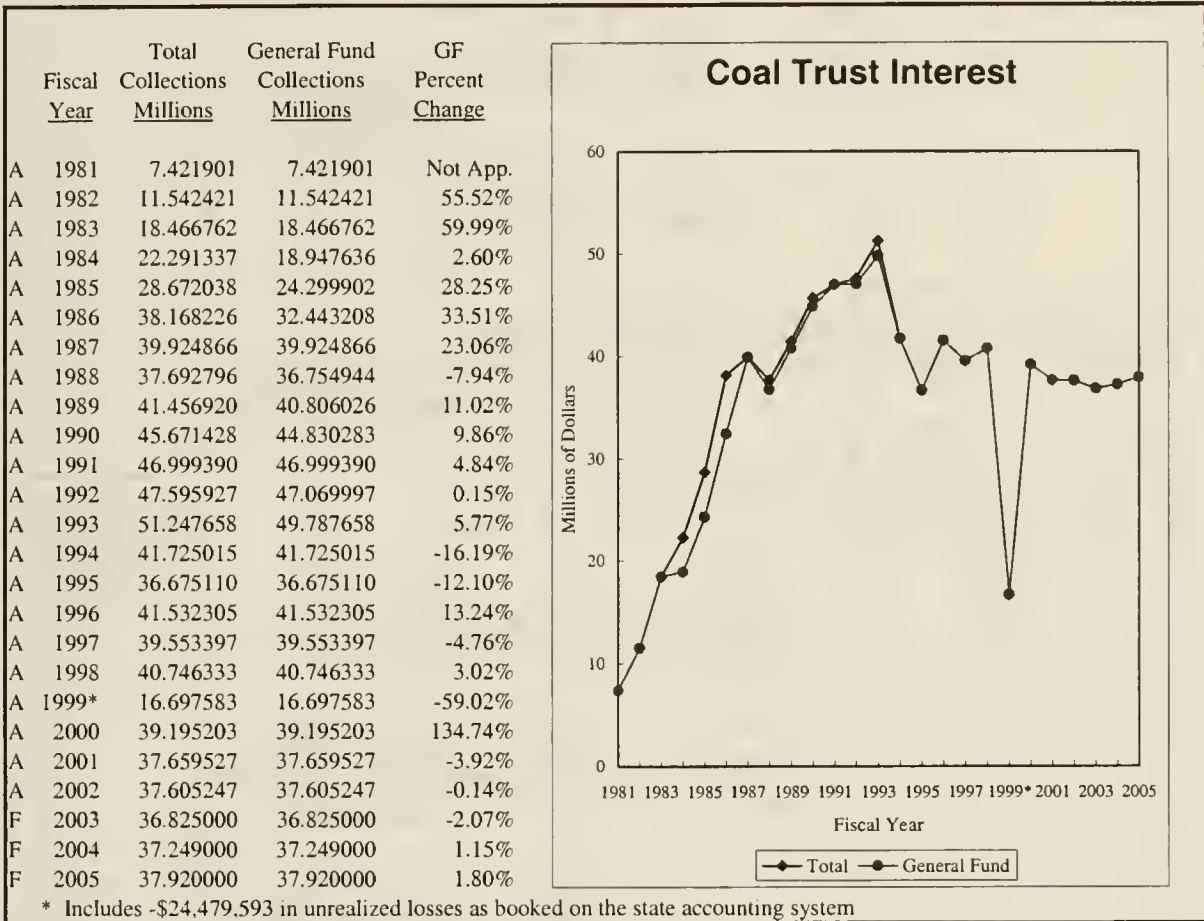
% of Total FY 2002 General Fund Revenue: 2.97%

Legislative Fiscal Division

Revenue Estimate Profile

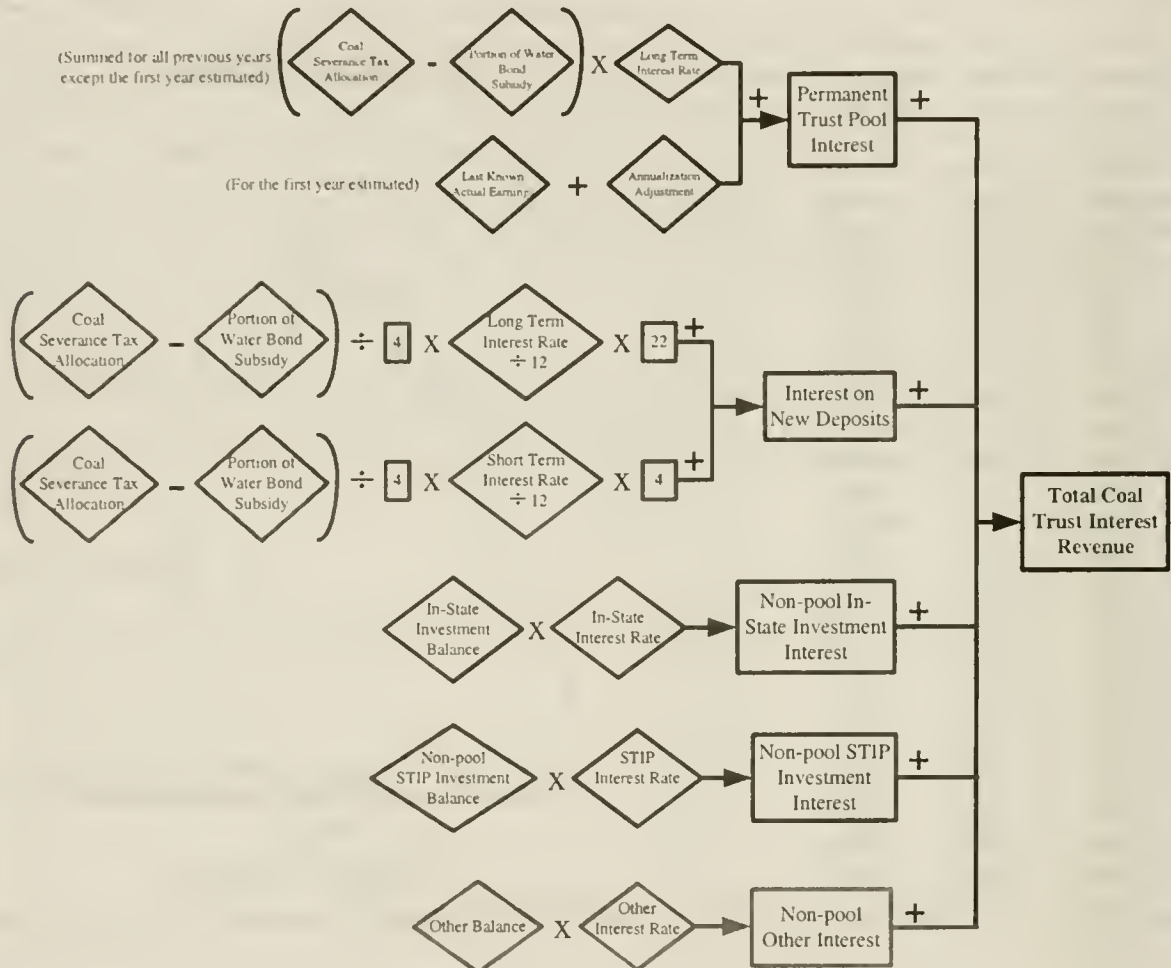
Coal Trust Interest

Revenue Projection:

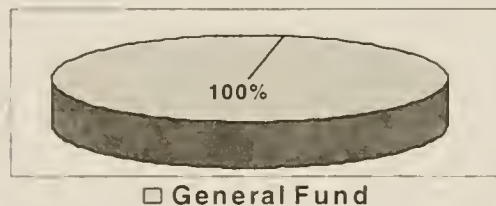


Coal Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Coal Trust Interest

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>TFBP</u>	<u>In_State</u>	<u>Loan</u>	<u>STIP</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	39.195203	39.195203				
Actual	2001	37.659527	37.659527				
Actual	2002	37.605247	37.605247	24.373985	8.764717	3.369611	1.096936
Forecast	2003	36.825000	36.825000	23.536278	9.398409	3.245683	0.644370
Forecast	2004	37.249000	37.249000	23.536278	9.398409	3.245683	1.068774
Forecast	2005	37.920000	37.920000	23.774737	9.398409	3.245683	1.501464

	<u>t</u>	<u>Net Coal Tax</u>	<u>Bond</u>	<u>New Deposit</u>	<u>Non Pool</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Subsidy</u>	<u>Long Term</u>	<u>STIP</u>	<u>In State</u>	<u>Loan</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Actual	2000	0.000000	0.512615	6.3330%	5.9500%	5.9500%	0.0000%
Actual	2001	0.000000	0.439908	6.8830%	6.6400%	5.7700%	0.0000%
Actual	2002	0.000000	0.715186	6.3330%	3.5953%	5.5860%	7.2673%
Forecast	2003	0.000000	0.193782	6.1800%	2.4114%	5.5860%	7.0000%
Forecast	2004	3.624000	0.480790	6.5800%	3.5505%	5.5860%	7.0000%
Forecast	2005	3.373000	0.264847	6.9620%	5.1618%	5.5860%	7.0000%

	<u>t</u>	<u>Non Pool</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>STIP Bal</u>	<u>In-State Bal</u>	<u>Loan Bal</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	15.334577	127.567412	0.000000
Actual	2001	22.784722	145.401756	0.000000
Actual	2002	26.721811	168.249355	46.366904
Forecast	2003	26.721811	168.249355	46.366904
Forecast	2004	26.721811	168.249355	46.366904
Forecast	2005	26.721811	168.249355	46.366904

Legislative Fiscal Division

Revenue Estimate Profile

Common School Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools generate income. The common school trust is actually part of the trust and legacy trust fund that includes nine other trusts. Prior to fiscal 1996, interest and income from the common school trust was deposited in the state equalization account. Beginning in fiscal 1996, this interest and income was deposited in the general fund, as mandated by SB 83, passed by the 1995 legislature. Beginning fiscal 2003, House Bill 7 from the August 2002 special legislative session changed the deposit to the guarantee account in the state special revenue fund and statutorily appropriated the money for schools.

Common school lands produce two kinds of revenue: 1) distributable income such as interest earnings, agricultural rents or crop shares, and timber sale revenue; and 2) permanent income that is returned to the trust such as income from the sale of minerals (see the effects of Senate Bill 495 from the 2003 legislative session below), land, and easements. Excluding timber sale revenue and after a 3.0 percent deduction of the revenue for use by the Department of Natural Resources and Conservation (DNRC), 95 percent of distributable revenues is available to fund schools and, due to Senate Bill 48 (discussed below), the remaining 5.0 percent is available to fund the Trust Land Management Division of DNRC. The 3.0 percent allocation to DNRC is used for resource development purposes. Timber revenue is allocated: 1) first by DNRC to fund a portion of its timber program based on the amount appropriated by the legislature (the remaining portion is funded with timber sale revenue from the capital land grant trust); 2) the amount received above the value of 18 million board feet is deposited into the state special revenue fund for technology equipment and training and is statutorily appropriated (House Bill 41 enacted by the 2001 legislature and House Bill 7 from the August 2002 special legislative session); and 3) any remainder for the support of public schools.

Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the common school trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

As of October 1, 1995, all fixed-income investments held by the state's major trust funds (which include the trust and legacy fund of which the common school trust is a part), were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of common school trust funds are invested as part of the TFBP. Some funds, however, are invested on a short-term basis in the state's Short Term Investment Pool (STIP). The state Constitution prohibits the investment of common school trust funds in common stock.

Senate Bill 495 (enacted by the 2001 legislature) authorized DNRC to purchase the mineral production rights (with a loan from the coal severance trust) from the common school trust. The department subsequently purchased \$138.9 million of future mineral royalties (over an approximate 30-year period) from the school trust for \$46.4 million. Since these royalties will no longer be deposited to the trust, interest earnings from the trust corpus are decreased. However, additional interest earnings are generated from the proceeds of the sale, but it is estimated that interest losses will exceed interest gains after fiscal 2012. It is estimated that the trust balance will be \$95 million less after the 30-year period. For further information and analysis on Senate Bill 495 contact the Legislative Fiscal Division for a copy of the two-part report: "Senate Bill 495-Implementaion, Impacts and Implications".

Applicable Tax Rate(s): N/A

Distribution: As described above, interest and income from common school lands (excluding timber sales and amounts deducted to fund DNRC) is distributed 95.0 percent to the state special revenue fund and is statutorily appropriated for schools. The remaining 5.0 percent is available to fund the Trust Land Management Division with the remainder deposited to the trust fund.

Statute: Title 20, Chapter 9 and Title 77, Chapter 1, MCA

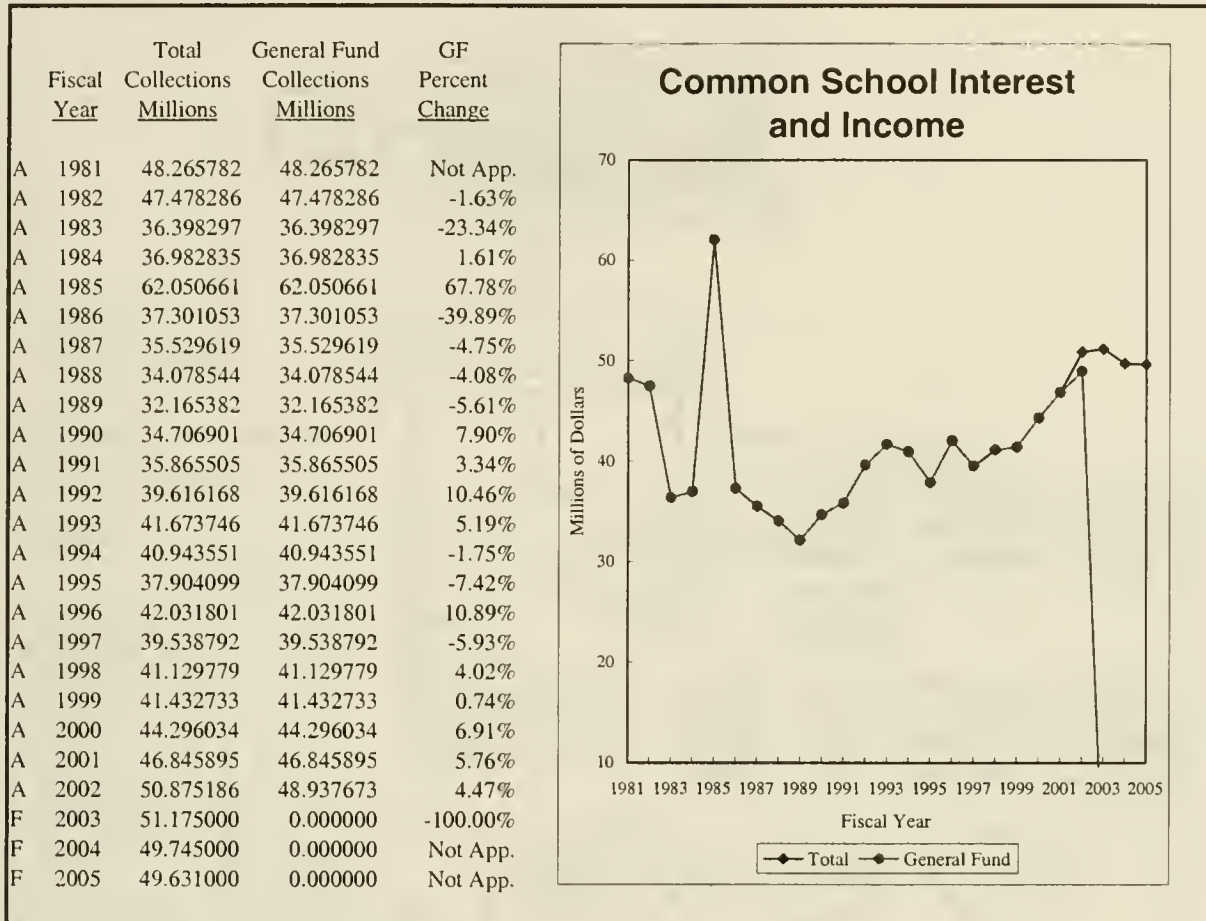
% of Total FY 2002 General Fund Revenue: 3.87%

Legislative Fiscal Division

Revenue Estimate Profile

Common School Interest and Income

Revenue Projection:

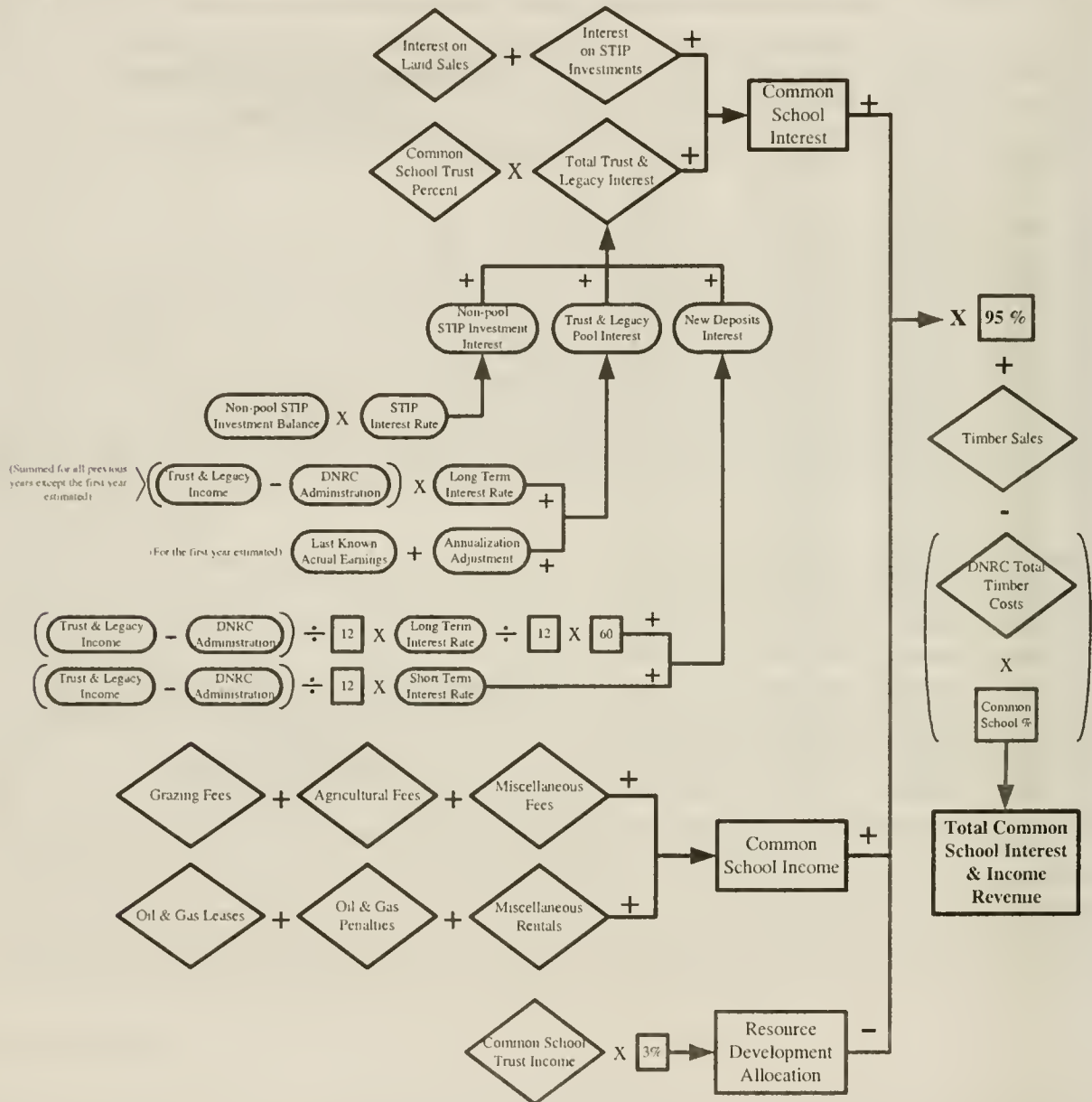


Legislative Fiscal Division

Revenue Estimate Profile

Common School Interest and Income

Forecast Methodology

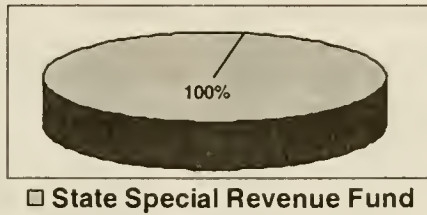


Legislative Fiscal Division

Revenue Estimate Profile

Common School Interest and Income

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>TFBP</u>	<u>STIP</u>	<u>Common</u>	<u>SB495</u>	<u>Trust Land</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>School Share</u>	<u>Loan Pay.</u>	<u>Expense</u>
				<u>Millions</u>	<u>Millions</u>	<u>T&L</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	44.296034	44.296034			0.938562		
Actual	2001	46.845895	46.845895			0.923235		
Actual	2002	50.875186	48.937673	29.670198	0.102471	0.932906		
Forecast	2003	51.175000	0.000000	29.670198	0.233572	0.932906	0.000000	-3.385928
Forecast	2004	49.745000	0.000000	29.796459	0.322461	0.932906	-1.966733	-3.528336
Forecast	2005	49.631000	0.000000	29.930892	0.446633	0.932906	-1.749681	-3.564557

	<u>t</u>	<u>Trust Income</u>	<u>New Deposit</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	10.962021	7.0160%	5.9500%	11.676486
Actual	2001	12.667782	6.8830%	6.6400%	6.984553
Actual	2002	2.043058	6.3330%	3.5953%	7.334239
Forecast	2003	2.043058	6.1800%	2.4114%	7.334239
Forecast	2004	2.043058	6.5800%	3.5505%	7.334239
Forecast	2005	2.043058	6.9620%	5.1618%	7.334239

	<u>t</u>	<u>Grazing</u>	<u>Agriculture</u>	<u>Misc.</u>	<u>O&G Lease</u>	<u>O&G Bonus</u>	<u>O&G Penalty</u>	<u>Misc.</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	4.065911	9.053155	0.000000	1.328220	1.277231	0.261334	1.127779
Actual	2001	4.850839	8.376539	0.000000	1.448285	7.118093	0.355322	1.121433
Actual	2002	5.467322	6.998644	0.000000	1.540472	0.478224	0.334699	1.243778
Forecast	2003	5.067322	8.574211	0.000000	1.646624	0.835178	0.246712	1.388803
Forecast	2004	5.067322	8.443955	0.000000	1.731182	0.909486	0.249024	1.488605
Forecast	2005	5.067322	8.464902	0.000000	1.805486	0.961307	0.257168	1.635993

Legislative Fiscal Division

Revenue Estimate Profile

Common School Interest and Income

	<u>t</u> <u>Fiscal</u>	<u>Int. Land</u> <u>Millions</u>	<u>Int. STIP</u> <u>Millions</u>	<u>Int. Trust</u> <u>Millions</u>	<u>Timber</u> <u>Millions</u>	<u>Res. Dev.</u> <u>Millions</u>
Actual	2000	0.000566	0.706653	23.905761	5.379555	-0.513416
Actual	2001	0.000290	0.715090	24.206450	1.623592	-0.698124
Actual	2002	0.000063	0.305319	27.775111	3.624785	-0.504023
Forecast	2003	0.000032	0.323862	27.897406	1.699978	-0.532766
Forecast	2004	0.000015	0.470830	28.098121	0.781040	-0.536687
Forecast	2005	0.000007	0.694935	28.339375	0.950628	-0.545765

	<u>t</u> <u>Fiscal</u>	<u>Total</u> <u>Timber</u> <u>Millions</u>	<u>Timber</u> <u>Sales Pgm.</u> <u>Millions</u>	<u>School</u> <u>Technology</u> <u>Millions</u>	<u>Oil</u> <u>Royalties</u> <u>Millions</u>	<u>Gas</u> <u>Royalties</u> <u>Millions</u>	<u>Coal</u> <u>Royalties</u> <u>Millions</u>	<u>Other</u> <u>Royalties</u> <u>Millions</u>
Actual	2000	7.067954	-1.688399	0.000000				
Actual	2001	3.200298	-1.576706	0.000000				
Actual	2002	5.753895	-2.129110	1.822162	2.390492	1.523062	2.836919	0.144369
Forecast	2003	4.870000	-2.426022	0.744000	2.536706	1.744642	4.502788	0.158044
Forecast	2004	4.640000	-2.858960	1.000000	2.490362	2.218812	4.966447	0.158044
Forecast	2005	4.770000	-2.919372	0.900000	2.465581	2.298635	3.826143	0.158044

Legislative Fiscal Division

Revenue Estimate Profile

Cultural Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust and the Arts Protection trust (cultural trust), with coal severance taxes allocated to each one. The 1997 legislature appropriated \$3.9 million from the cultural trust fund for the immediate purchase of Virginia and Nevada City properties. This action resulted in a loss of trust interest revenue that otherwise would be used to fund cultural and aesthetic (C&A) projects in the state during the 1999 biennium. Thus, beginning July 1, 1997, and ending June 30, 1999, 0.87 percent in coal severance tax revenue was allocated to an account in the state special revenue fund to compensate for the lost interest earnings and the previous 0.63 percent distribution of coal severance tax to the cultural trust was eliminated. Except for fiscal 2003, beginning July 1, 1999, the amount of 0.63 percent is once again statutorily allocated to the cultural trust, the interest from which is to be used for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. The August 2002 special legislative session eliminated the allocation for fiscal 2003 only.

Applicable Tax Rate(s): N/A

Distribution: All income from the trust must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

Statute: Title 15, Chapter 35, MCA

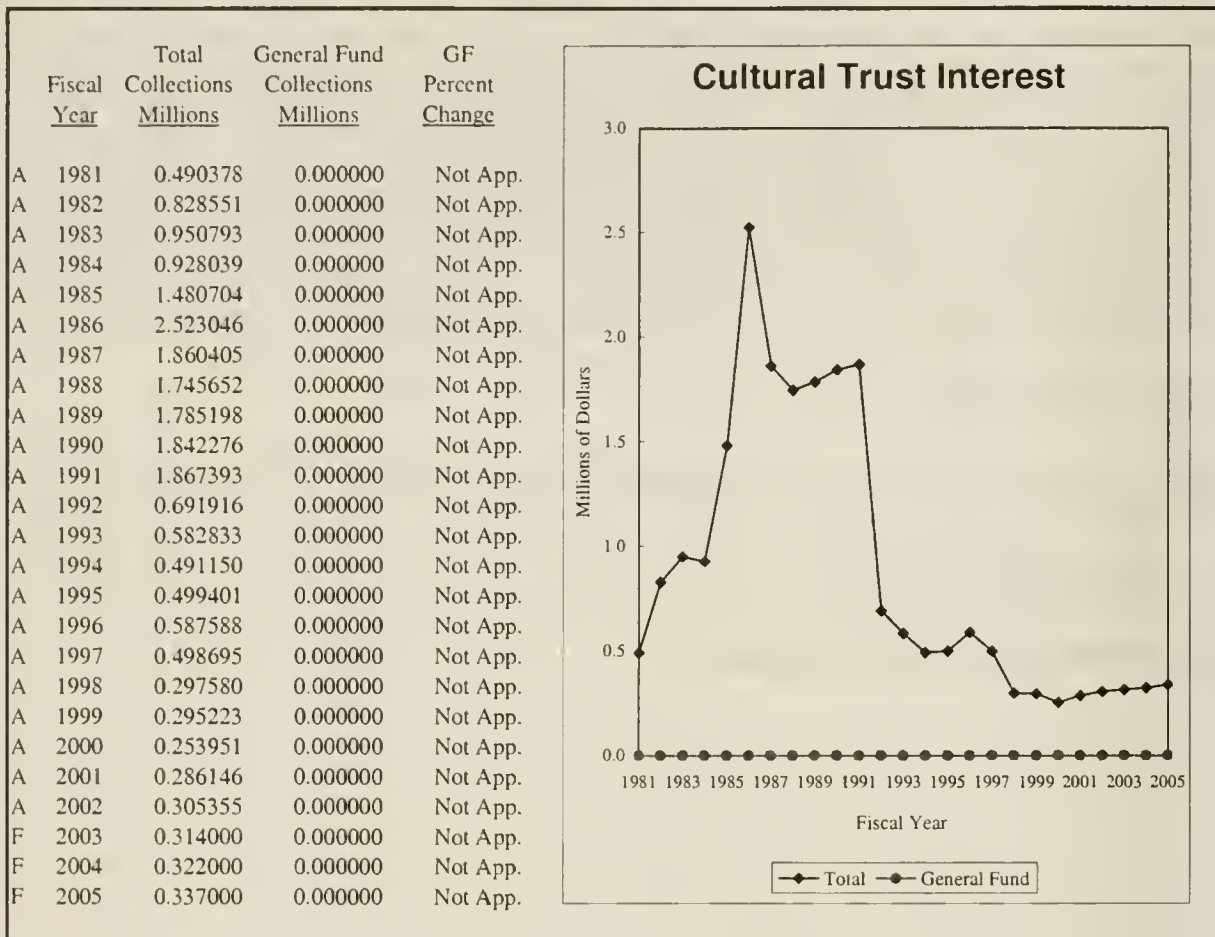
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Cultural Trust Interest

Revenue Projection:

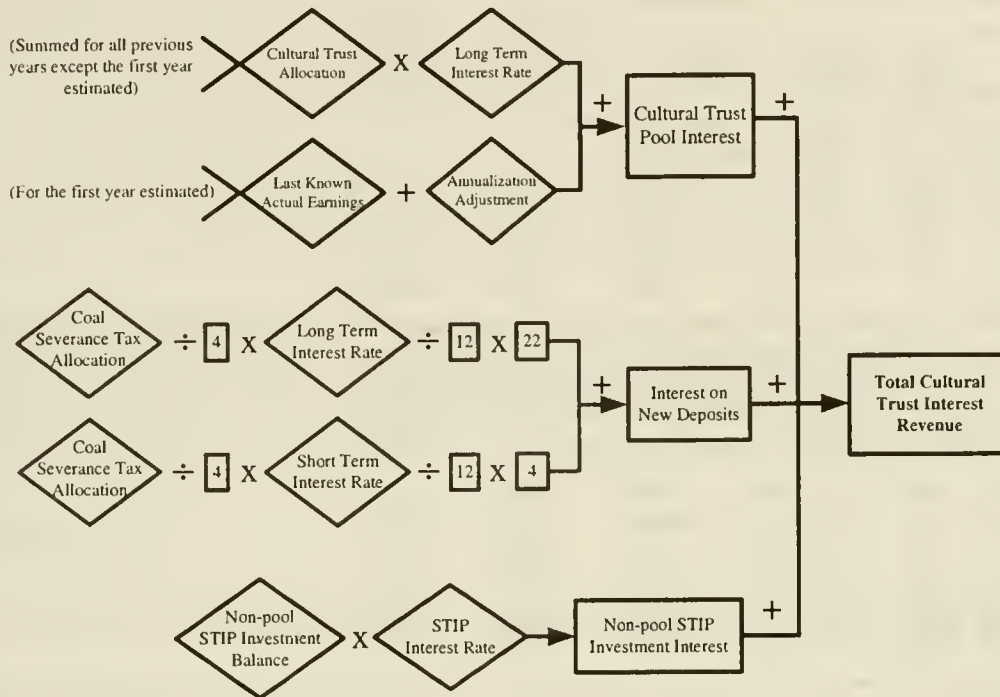


Legislative Fiscal Division

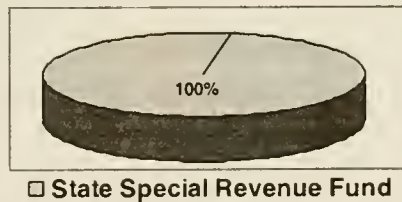
Revenue Estimate Profile

Cultural Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Cultural Trust Interest

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>TFBP</u>	<u>STIP</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>
				<u>Millions</u>	<u>Millions</u>
Actual	2000	0.253951	0.000000		
Actual	2001	0.286146	0.000000		
Actual	2002	0.305355	0.000000	0.304399	0.000955
Forecast	2003	0.314000	0.000000	0.311093	0.002467
Forecast	2004	0.322000	0.000000	0.311093	0.010023
Forecast	2005	0.337000	0.000000	0.323792	0.011834

	<u>t</u>	<u>Net Coal Tax</u>	<u>New Deposit</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	0.212426	7.0160%	5.9500%	0.249639
Actual	2001	0.203724	6.8830%	6.6400%	0.028633
Actual	2002	0.199168	6.3330%	3.5953%	0.102287
Forecast	2003	0.000000	6.1800%	2.4114%	0.102287
Forecast	2004	0.193000	6.5800%	3.5505%	0.102287
Forecast	2005	0.181000	6.9620%	5.1618%	0.102287

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for support of the School for the Deaf and Blind. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Deaf and Blind trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short-term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Deaf and Blind trust interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Deaf and Blind trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the School for the Deaf and Blind.

Statute: N/A

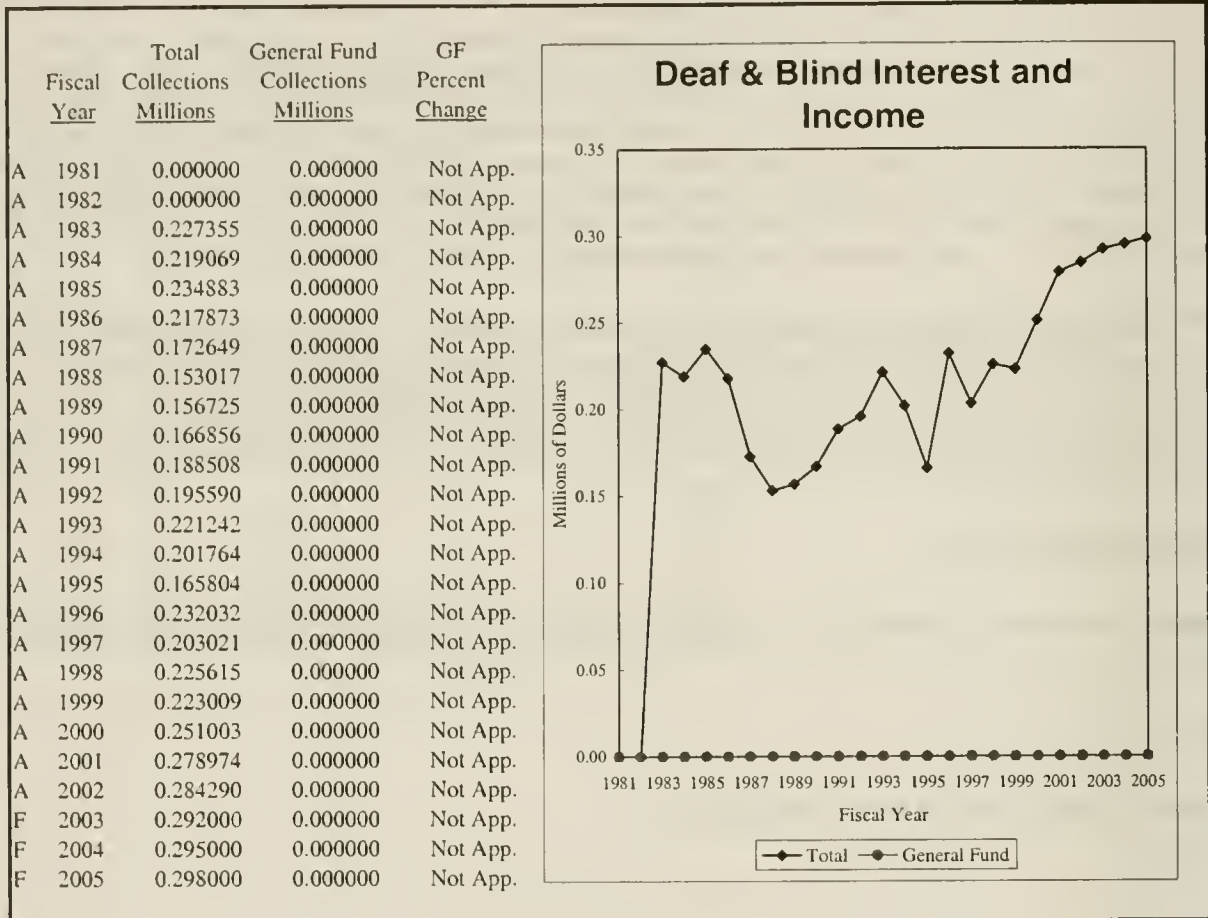
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Revenue Projection:

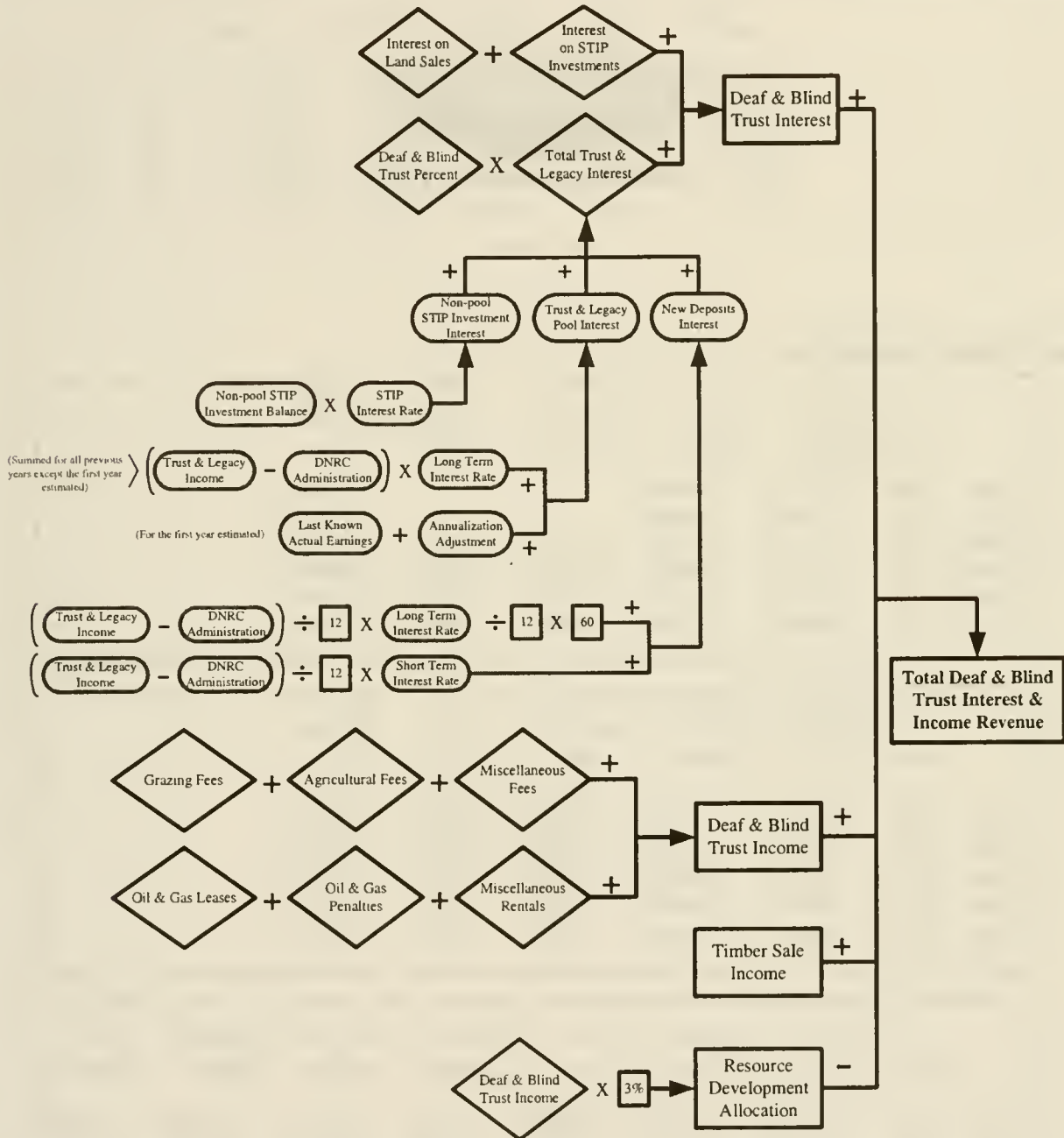


Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Forecast Methodology

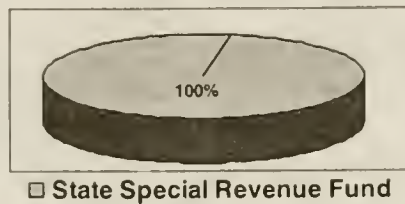


Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>TFBP</u>	<u>STIP</u>	<u>Deaf &</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>Blind Share</u>
				<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual	2000	0.251003	0.000000			0.006369
Actual	2001	0.278974	0.000000			0.007485
Actual	2002	0.284290	0.000000	29.670198	0.102471	0.006697
Forecast	2003	0.292000	0.000000	29.670198	0.233572	0.006697
Forecast	2004	0.295000	0.000000	29.796459	0.322461	0.006697
Forecast	2005	0.298000	0.000000	29.930892	0.446633	0.006697

	<u>t</u>	<u>Trust Income</u>	<u>Trust Land</u>	<u>New Deposit</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	10.962021		7.0160%	5.9500%	11.676486
Actual	2001	12.667782	0.000000	6.8830%	6.6400%	6.984553
Actual	2002	2.043058	0.000000	6.3330%	3.5953%	7.334239
Forecast	2003	2.043058	0.000000	6.1800%	2.4114%	7.334239
Forecast	2004	2.043058	0.000000	6.5800%	3.5505%	7.334239
Forecast	2005	2.043058	0.000000	6.9620%	5.1618%	7.334239

	<u>t</u>	<u>Grazing</u>	<u>Agriculture</u>	<u>Misc.</u>	<u>O&G Lease</u>	<u>O&G Bonus</u>	<u>O&G Penalty</u>	<u>Misc.</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.030113	0.008628	0.000000	0.001980	0.001280	0.000000	0.046783
Actual	2001	0.040496	0.020937	0.000000	0.001440	0.000480	0.000000	0.019365
Actual	2002	0.040733	0.014776	0.000000	0.001740	0.000050	0.000000	0.027618
Forecast	2003	0.040615	0.022709	0.000000	0.001720	0.000000	0.000000	0.029133
Forecast	2004	0.040674	0.023265	0.000000	0.001633	0.000000	0.000000	0.030563
Forecast	2005	0.040645	0.022721	0.000000	0.001698	0.000000	0.000000	0.032029

Legislative Fiscal Division

Revenue Estimate Profile

Deaf and Blind Trust Interest and Income

	<u>t</u>	<u>Int. Land</u>	<u>Int. STIP</u>	<u>Int. Trust</u>	<u>Timber</u>	<u>Res. Dev.</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.162218	0.000000	-0.002664
Forecast	2001	0.000000	0.000000	0.196256	0.000000	-0.002482
Forecast	2002	0.000000	0.000000	0.199373	0.000000	-0.002548
Forecast	2003	0.000000	0.000000	0.200266	0.000000	-0.002825
Forecast	2004	0.000000	0.000000	0.201706	0.000000	-0.002884
Forecast	2005	0.000000	0.000000	0.203438	0.000000	-0.002913

Legislative Fiscal Division

Revenue Estimate Profile

Parks Trust Interest

Revenue Description: Beginning in fiscal 1976, a portion of coal severance tax revenue was deposited into the Parks Acquisition and Arts Protection trust fund. The 1991 legislature split the principal of this trust into two separate trusts, the Parks Acquisition trust (parks trust) and the Arts Protection trust (cultural trust), with coal severance taxes allocated to each one. Except for fiscal 2003, the amount of 1.27 percent of coal tax revenues is statutorily allocated to the parks trust for the purpose of parks acquisition or management. The August 2002 special legislative session eliminated the allocation for fiscal 2003 only. Income from the parks trust must be appropriated for the acquisition, development, operation, and maintenance of state parks, state recreational areas, state monuments, and state historical sites under control of the Department of Fish, Wildlife and Parks.

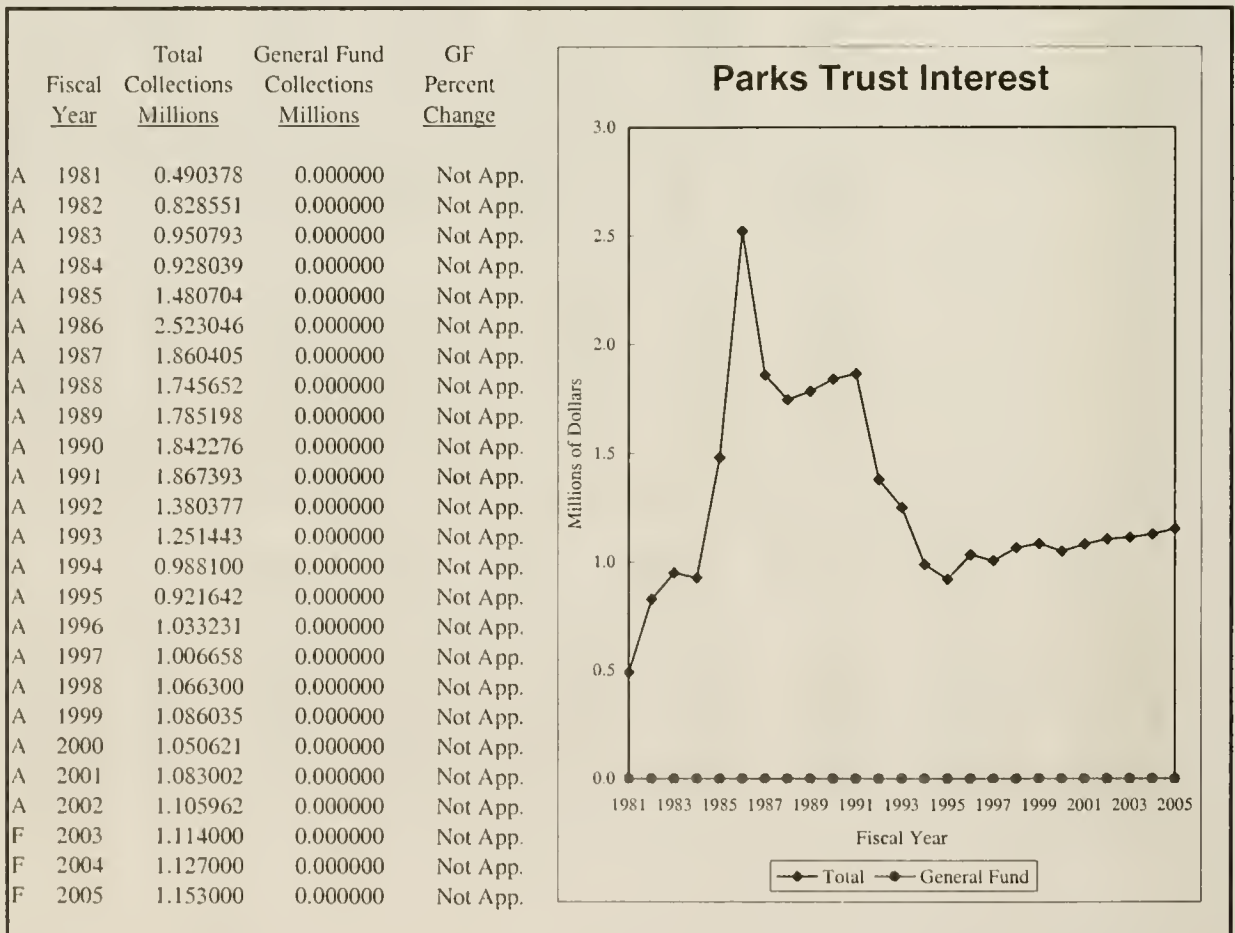
Applicable Tax Rate(s): N/A

Distribution: Interest earnings on the parks trust are allocated to the Department of Fish, Wildlife, and Parks.

Statute: Title 15, Chapter 35 and Title 23, Chapter 1, MCA

% of Total FY 2002 General Fund Revenue: N/A

Revenue Projection:

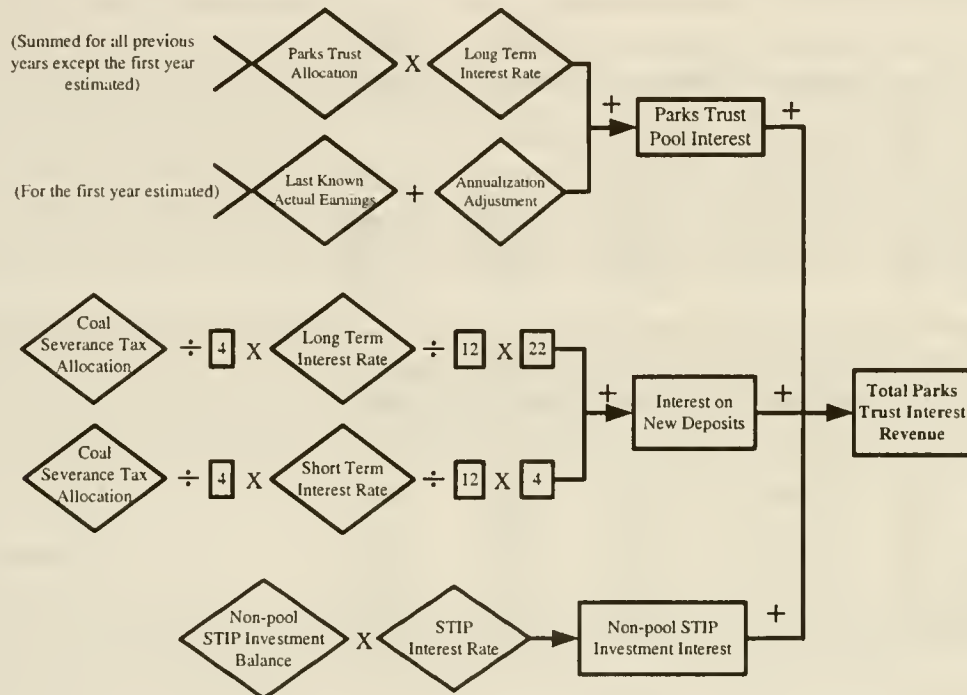


Legislative Fiscal Division

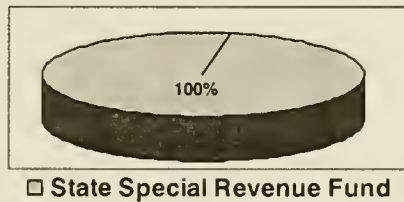
Revenue Estimate Profile

Parks Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Parks Trust Interest

Revenue Estimate Assumptions

	t	Total Rev.	GF Rev.	TFBP	STIP
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>
				<u>Millions</u>	<u>Millions</u>
Actual	2000	1.050621	0.000000		
Actual	2001	1.083002	0.000000		
Actual	2002	1.105962	0.000000	1.100428	0.005534
Forecast	2003	1.114000	0.000000	1.113922	0.000000
Forecast	2004	1.127000	0.000000	1.113922	0.012882
Forecast	2005	1.153000	0.000000	1.139518	0.013181

		Net Coal Tax	New Deposit	Non Pool	Non Pool
	t	New Deposit	Long Term	STIP	STIP Bal
	<u>Fiscal</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	0.450466	6.3330%	5.9500%	0.301775
Actual	2001	0.410682	6.8830%	6.6400%	0.177151
Actual	2002	0.401498	6.3330%	3.5953%	0.308520
Forecast	2003	0.000000	6.1800%	2.4114%	0.308520
Forecast	2004	0.389000	6.5800%	3.5505%	0.308520
Forecast	2005	0.364000	6.9620%	5.1618%	0.308520

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

Revenue Description: Lands granted by the federal government to the state for the benefit of public schools and various state institutions generate income. These lands produce revenue through rents or crop shares for agricultural purposes, royalties from the sale of mineral rights, and sales of timber. Income from certain portions of public school/institution lands has been designated for the support of the Pine Hills youth correctional facility. Thus, some of these funds are deposited into a component of the trust and legacy trust fund referred to as the Pine Hills trust, which generates interest earnings for the state. As of October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to a newly-created Trust Fund Bond Pool (TFBP). The majority of trust and legacy trust funds are invested as part of the TFBP. Some funds, however, are invested on a short-term basis in the state's Short Term Investment Pool (STIP). The state constitution prohibits the investment of any trust funds in common stock.

In accordance with statute, 3.0 percent of Pine Hills interest and income is allocated to the Department of Natural Resources and Conservation (DNRC) to be used for resource development purposes. Senate Bill 48, passed by the 1999 legislature, provides for the diversion of the following funds for the purpose of funding the Trust Land Management Division in the DNRC: 1) mineral royalties; 2) revenues from the sale of easements; and 3) 5.0 percent of interest and income previously credited to the common school trust. The amount of the money diverted from the Pine Hills trust reduces the growth of the trust fund balance and, hence, reduces the amount of distributable interest earnings.

Applicable Tax Rate(s): N/A

Distribution: Interest and income from the trust, less amounts to fund DNRC administration, is allocated to the Department of Corrections for support of the Pine Hills youth correctional facility.

Statute: N/A

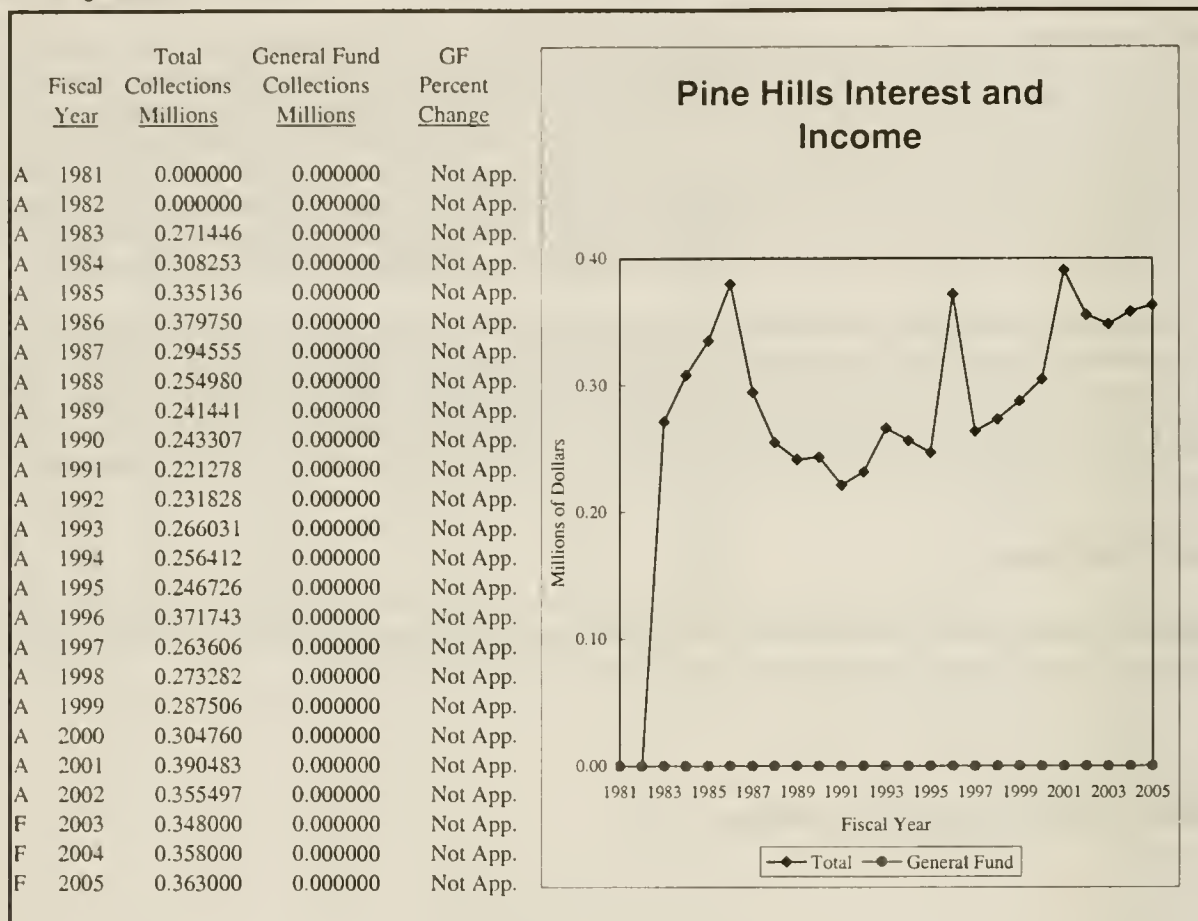
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

Revenue Projection:

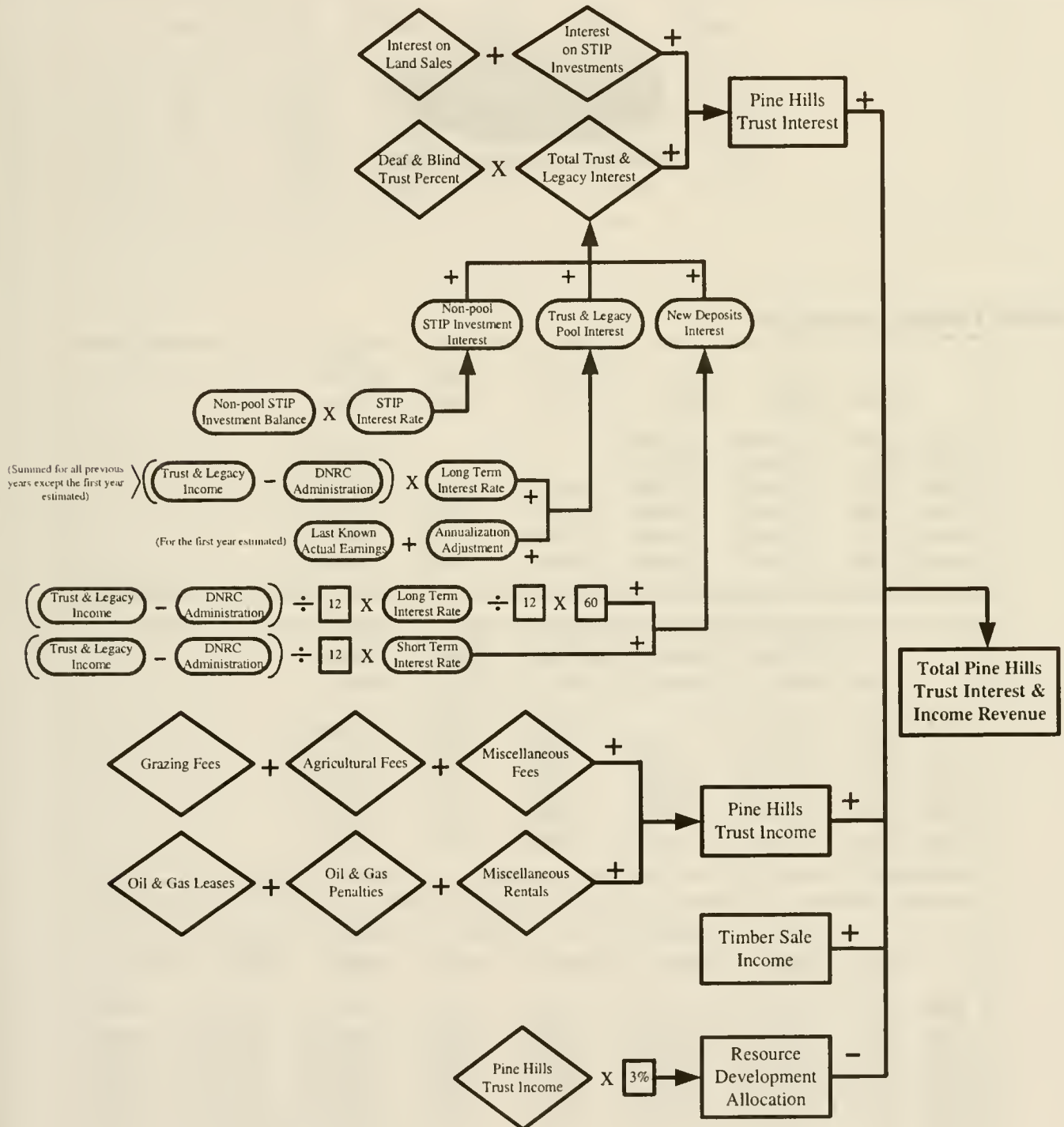


Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

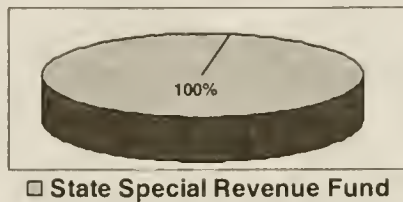
Forecast Methodology



Legislative Fiscal Division

Revenue Estimate Profile Pine Hills Interest and Income

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>TFBP</u>	<u>STIP</u>	<u>Pine</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>Hills Share</u>
				<u>Millions</u>	<u>Millions</u>	<u>T&L</u>
Actual	2000	0.304760	0.000000			0.006048
Actual	2001	0.390483	0.000000			0.006167
Actual	2002	0.355497	0.000000	29.670198	0.102471	0.005835
Forecast	2003	0.348000	0.000000	29.670198	0.233572	0.005835
Forecast	2004	0.358000	0.000000	29.796459	0.322461	0.005835
Forecast	2005	0.363000	0.000000	29.930892	0.446633	0.005835

	<u>t</u>	<u>Trust Income</u>	<u>Trust Land</u>	<u>New Deposit</u>	<u>Non Pool</u>	<u>Non Pool</u>
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Admin.</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	10.962021		7.0160%	5.9500%	11.676486
Actual	2001	12.667782	0.000000	6.8830%	6.6400%	6.984553
Actual	2002	2.043058	0.000000	6.3330%	3.5953%	7.334239
Forecast	2003	2.043058	0.000000	6.1800%	2.4114%	7.334239
Forecast	2004	2.043058	0.000000	6.5800%	3.5505%	7.334239
Forecast	2005	2.043058	0.000000	6.9620%	5.1618%	7.334239

	<u>t</u>	<u>Grazing</u>	<u>Agriculture</u>	<u>Misc.</u>	<u>O&G Lease</u>	<u>O&G Bonus</u>	<u>O&G Penalty</u>	<u>Misc.</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.054682	0.022855	0.047965	0.021231	0.000000	0.003895	0.000000
Actual	2001	0.063912	0.013002	0.056236	0.023526	0.066599	0.005510	0.000000
Actual	2002	0.077707	0.016967	0.058062	0.021550	0.000000	0.007482	0.000000
Forecast	2003	0.070810	0.020064	0.057149	0.025608	0.000000	0.005510	0.000000
Forecast	2004	0.074259	0.020185	0.057606	0.031065	0.000000	0.005510	0.000000
Forecast	2005	0.072535	0.020621	0.057378	0.036279	0.000000	0.005510	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Pine Hills Interest and Income

	t	Int. Land	Int. STIP	Int. Trust	Timber	Res. Dev.
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000086	0.154047	0.000000	-0.004521
Actual	2001	0.000000	0.000000	0.161698	0.000000	-0.006864
Actual	2002	0.000000	0.000000	0.173729	0.000000	-0.005450
Forecast	2003	0.000000	0.000000	0.174488	0.000000	-0.005374
Forecast	2004	0.000000	0.000000	0.175744	0.000000	-0.005659
Forecast	2005	0.000000	0.000000	0.177253	0.000000	-0.005770

Legislative Fiscal Division

Revenue Estimate Profile Regional Water Trust Interest

Revenue Description: The 1999 legislature (Senate Bill 220) created the Treasure State Endowment (TSE) Regional Water System Fund within the permanent coal tax trust fund. The fund receives 12.5 percent of total coal severance tax collections from July 1999 through June 2013. Interest earned on the fund is used to provide matching funds to plan and construct regional drinking water systems in Montana. Each state dollar must be matched equally by local funds. The funds in the account are further restricted to finance regional drinking water systems from the waters of the Tiber reservoir and the Missouri River within specific geographic areas.

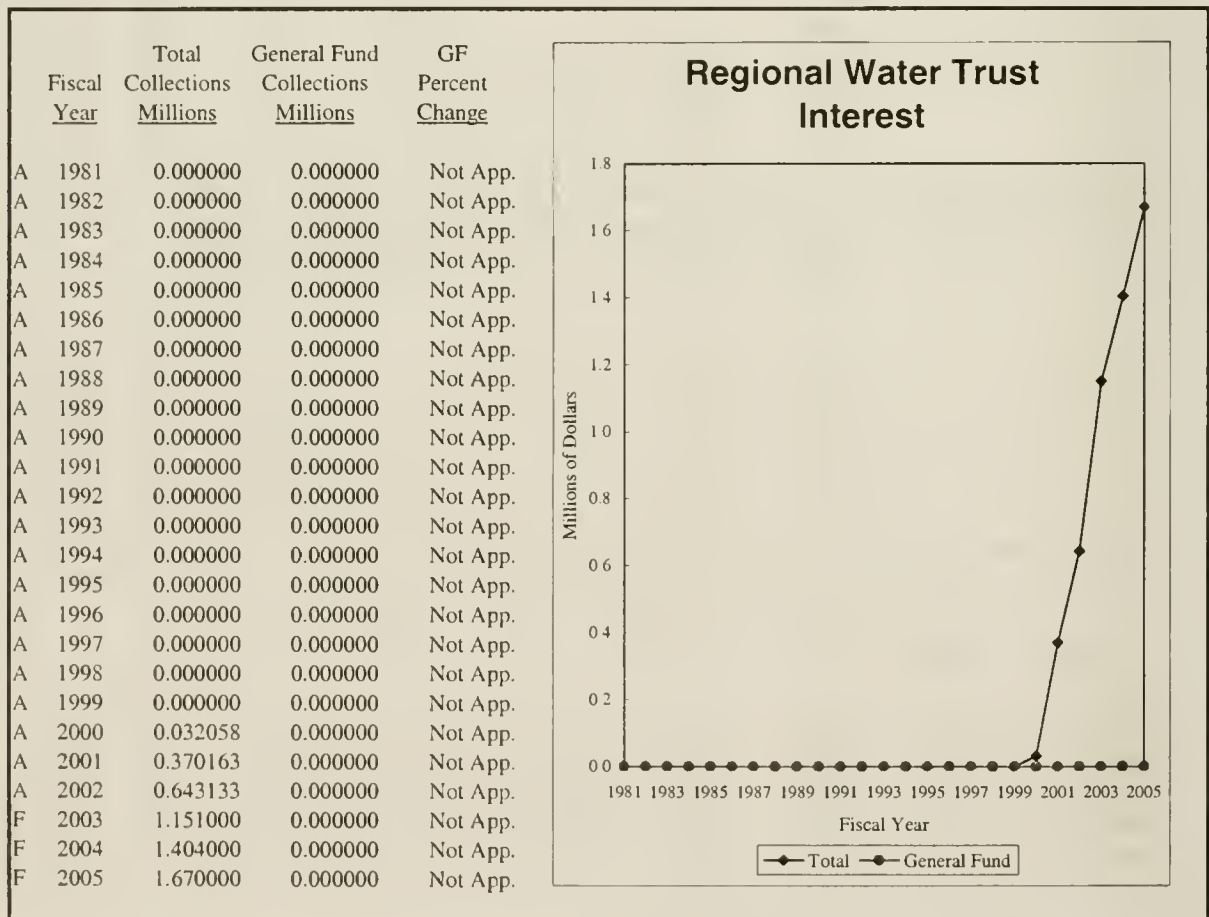
Applicable Tax Rate(s): NA

Distribution: Interest earnings are allocated to the Department of Commerce to fund eligible projects.

Statute: Title 15, Chapter 35; Title 17, Chapter 5; and Title 90, Chapter 6, MCA

% of Total FY 2002 General Fund Revenue: N/A

Revenue Projection:



Regional Water Trust Interest

The flowchart illustrates the calculation of Total Regional Water Trust Interest Revenue, which is the sum of three main components:

- Regional Water Trust Pool Interest:**
 - (Summed for all previous years except the first year estimated):** $(\text{Coal Severance Tax Allocation} - \text{Portion of Water Bond Subsidy}) \times \text{Long Term Interest Rate}$
 - (For the first year estimated):** $\text{Last Known Actual Earnings} + \text{Annualization Adjustment}$
 - The two paths above are summed (+) to produce the **Regional Water Trust Pool Interest**.
- Interest on New Deposits:**
 - Long Term Component:** $(\text{Coal Severance Tax Allocation} - \text{Portion of Water Bond Subsidy}) \div 4 \times (\text{Long Term Interest Rate} \div 12) \times 22$
 - Short Term Component:** $(\text{Coal Severance Tax Allocation} - \text{Portion of Water Bond Subsidy}) \div 4 \times (\text{Short Term Interest Rate} \div 12) \times 4$
 - The two components are summed (+) to produce the **Interest on New Deposits**.
- Non-pool STIP Investment Interest:**
 - Calculated as: $\text{In-State Investment Balance} \times \text{In-State Interest Rate}$

The three main components are summed (+) to yield the final **Total Regional Water Trust Interest Revenue**.

100%

State Special Revenue Fund

Legislative Fiscal Division

Revenue Estimate Profile

Regional Water Trust Interest

Revenue Estimate Assumptions

	t	Total Rev.	GF Rev.	TFBP	STIP	Loan
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u> <u>Millions</u>	<u>Interest</u> <u>Millions</u>	<u>Interest</u> <u>Millions</u>
Actual	2000	0.032058	0.000000			
Actual	2001	0.370163	0.000000			
Actual	2002	0.643133	0.000000	0.610589	0.032544	0.000000
Forecast	2003	1.151000	0.000000	1.002024	0.148969	0.000000
Forecast	2004	1.404000	0.000000	1.227965	0.176064	0.000000
Forecast	2005	1.670000	0.000000	1.466424	0.203622	0.000000

	t	Net Coal Tax	New Deposit	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u> <u>Millions</u>	<u>Long Term</u> <u>Rate</u>	<u>STIP</u> <u>Rate</u>	<u>STIP Bal</u> <u>Millions</u>
Actual	2000	4.433724	6.3330%	5.9500%	3.441977
Actual	2001	4.042147	6.8830%	6.6400%	0.845223
Actual	2002	3.951756	6.3330%	3.5953%	1.578601
Forecast	2003	3.656000	6.1800%	2.4114%	1.578601
Forecast	2004	3.624000	6.5800%	3.5505%	1.578601
Forecast	2005	3.373000	6.9620%	5.1618%	1.578601

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

Revenue Description: Article IX, Section 2 of the Montana Constitution and Title 15, Chapter 38, MCA, require that certain resource extraction taxes, as determined by the legislature, be placed in a trust. The principal of the Resource Indemnity Trust (RIT) "shall forever remain inviolate in an amount of one hundred million dollars (\$100,000,000), guaranteed by the state against loss or diversion." Once the principal of the trust reaches \$100.0 million, any additional tax deposits may be appropriated. Interest earnings on the RIT are to be spent to improve the total environment and rectify damage to the environment. It is also the legislature's intent that interest earnings not be appropriated for general operating expenses of state agencies.

Prior to July 1, 2002 when the Governor by executive order certified to the Secretary of State that the RIT balance had reached \$100 million, the RIT had received revenue from the resource indemnity and ground water assessment tax and the oil and gas tax. Because these allocations of revenue are no longer deposited to the trust, the trust balance will remain constant and interest earnings will be dependent only on the interest rates.

Applicable Tax Rate(s): N/A

Distribution: Statute allocates RIT interest earnings in the following manner:

- 1) at the beginning of the biennium, an amount not to exceed \$175,000 to the environmental contingency fund to bring the balance up to \$750,000. Money in this account is statutorily appropriated for unanticipated public needs arising from certain disasters and emergencies, which may be used upon authorization of the Governor;
- 2) at the beginning of the biennium, an amount not to exceed \$50,000 to the oil and gas mitigation account to bring the balance up to \$200,000. Money in this account is statutorily appropriated to the Board of Oil and Gas Conservation for the cost of plugging wells that have been abandoned and for which no responsible party can be found;
- 3) at the beginning of the biennium, \$500,000 to the water storage state special revenue account to provide loans and grants for water storage projects;
- 4) \$2.0 million annually to the renewable resource grant and loan program state special revenue account for distribution as grants;
- 5) \$1.2 million annually through fiscal 2005 to the reclamation and development grant state special revenue account for distribution as grants, \$1.5 million annually after fiscal 2005;
- 6) \$350,000 annually through fiscal 2005 to the future fisheries program for bull trout and cutthroat trout recovery, \$500,000 annually after fiscal 2005;
- 7) \$300,000 annually to the ground water assessment account to improve ground water management and protection;
- 8) \$240,000 annually to MSU Northern for the environmental science water quality instructional programs. This amount is statutorily appropriated; and
- 9) of the remaining RIT interest earnings: a) through fiscal 2005, 25.5 percent (30 percent after fiscal 2005) goes to the renewable resource grant and loan account for program and administrative costs; b) through fiscal 2005, 45.0 percent (35 percent after fiscal 2004) goes to the reclamation and development grant account for program and administrative costs; c) 22.0 percent through fiscal 2005 (26 percent after fiscal 2005) goes to the hazardous waste/CERCLA account for superfund activities; and d) 7.5 percent through fiscal 2005 (9.0 percent after fiscal 2005) goes to the environmental quality protection fund for additional clean-up activities.

The Department of Natural Resources and Conservation administers two of the RIT interest accounts which are used for grants, loans, and administrative costs: the renewable resource grant and loan program account and the reclamation and development grant account. These accounts also receive funding from other sources. All grants and loans made from these accounts require legislative approval. Grants must also be appropriated.

Statute: Title 15, Chapter 38, MCA

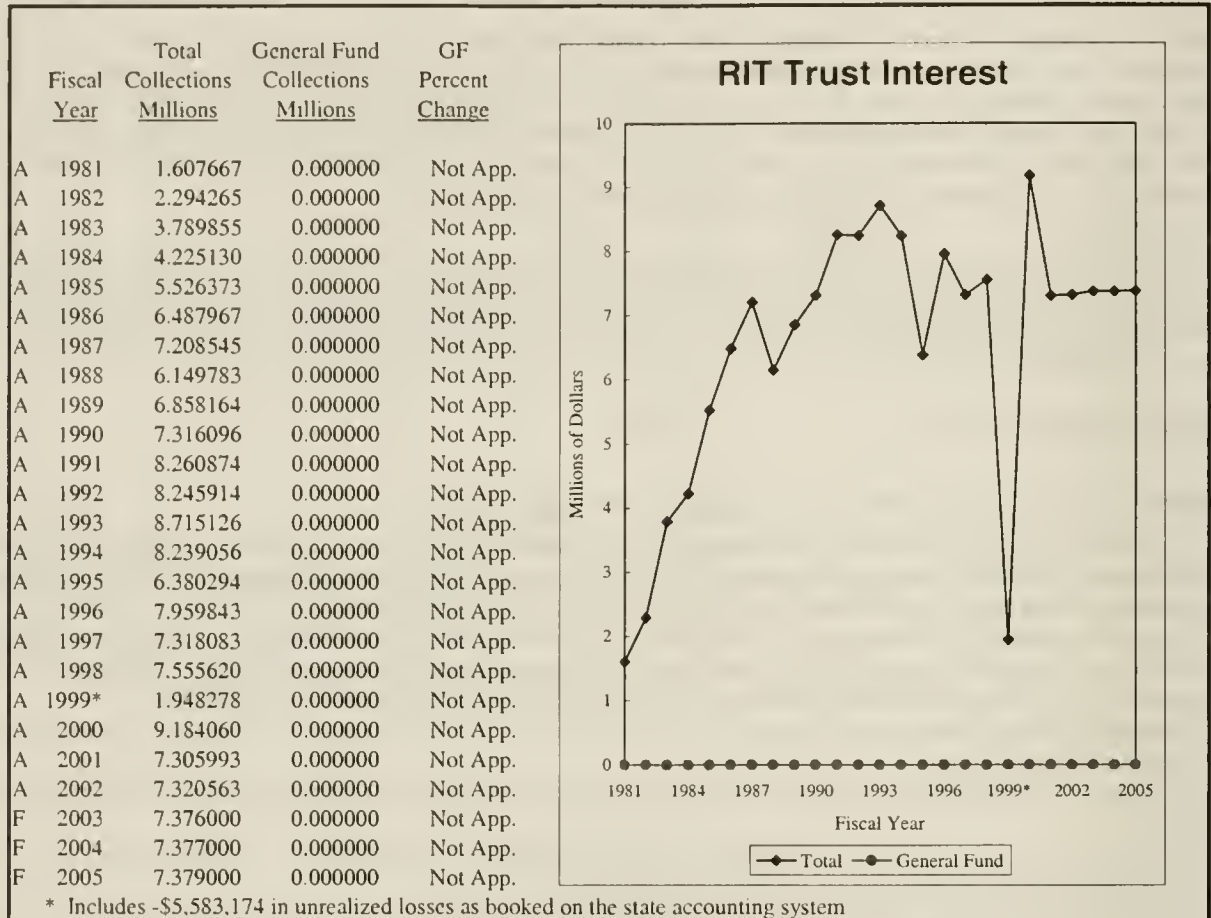
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

Revenue Projection:

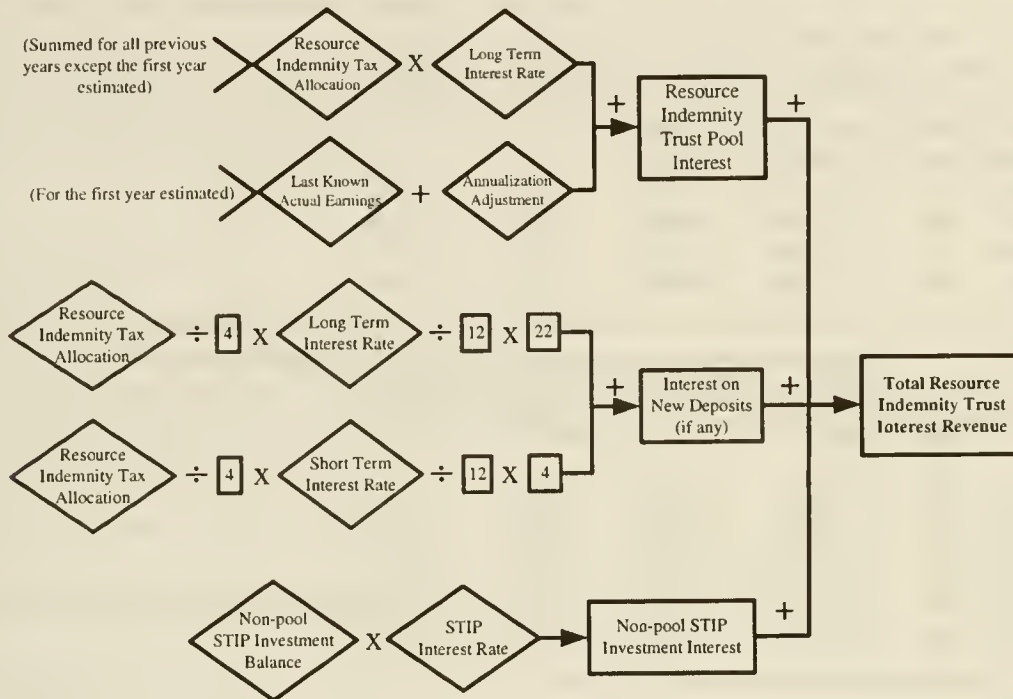


Legislative Fiscal Division

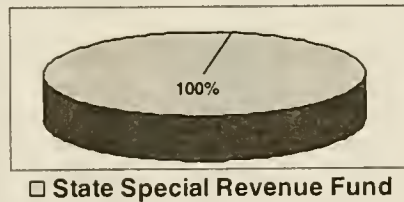
Revenue Estimate Profile

Resource Indemnity Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Resource Indemnity Trust Interest

Revenue Estimate Assumptions:

	t	Total Rev.	GF Rev.	TFBP	STIP
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u> <u>Millions</u>	<u>Interest</u> <u>Millions</u>
Actual	2000	9.184060	0.000000		
Actual	2001	7.305993	0.000000		
Actual	2002	7.320563	0.000000	7.286148	0.034415
Forecast	2003	7.376000	0.000000	7.373519	0.002794
Forecast	2004	7.377000	0.000000	7.373519	0.004114
Forecast	2005	7.379000	0.000000	7.373519	0.005981

	t	Net Tax	New Deposit	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u> <u>Millions</u>	<u>Long Term</u> <u>Rate</u>	<u>STIP</u> <u>Rate</u>	<u>STIP Bal</u> <u>Millions</u>
Actual	2000	3.391472	6.3330%	5.9500%	3.712675
Actual	2001	2.205880	6.8830%	6.6400%	1.557391
Actual	2002	1.588631	6.3330%	3.5953%	2.175871
Forecast	2003	0.000000	6.1800%	2.4114%	0.115871
Forecast	2004	0.000000	6.5800%	3.5505%	0.115871
Forecast	2005	0.000000	6.9620%	5.1618%	0.115871

	t	Hazardous	Environmental	Renewable	Reclamation	Environmental
	<u>Fiscal</u>	<u>Waste</u> <u>Millions</u>	<u>Quality</u> <u>Millions</u>	<u>Resource</u> <u>Millions</u>	<u>Development</u> <u>Millions</u>	<u>Contingency</u> <u>Millions</u>
Actual	2000	0.941319	0.319852	3.721445	3.176444	0.175000
Actual	2001	0.796322	0.274126	3.259425	2.676120	0.000000
Actual	2002	0.534446	0.185001	3.356669	2.219447	0.175000
Forecast	2003	0.612920	0.208950	2.950430	2.453700	0.000000
Forecast	2004	0.563640	0.192150	2.893310	2.352900	0.175000
Forecast	2005	0.723580	0.246675	3.078695	2.680050	0.000000

	t	Water	Oil & Gas	FWP	Groundwater
	<u>Fiscal</u>	<u>Storage</u> <u>Millions</u>	<u>Receipts</u> <u>Millions</u>	<u>Receipts</u> <u>Millions</u>	<u>Receipts</u> <u>Millions</u>
Actual	2000	0.500000	0.050000	0.000000	0.300000
Actual	2001	0.000000	0.000000	0.000000	0.300000
Actual	2002	0.500000	0.050000	0.000000	0.300000
Forecast	2003	0.000000	0.000000	0.850000	0.300000
Forecast	2004	0.500000	0.050000	0.350000	0.300000
Forecast	2005	0.000000	0.000000	0.350000	0.300000

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Trust Interest

Revenue Description: Due to passage of Montana Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate not less than 40 percent of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. Due to passage of Initiative 146 by the electorate in November 2002, 32 percent of the tobacco settlement money is to fund tobacco prevention programs and 17 percent is to fund the Children's Health Insurance Program. The remaining 11 percent of the money is deposited to the general fund.

Applicable Tax Rate(s): NA

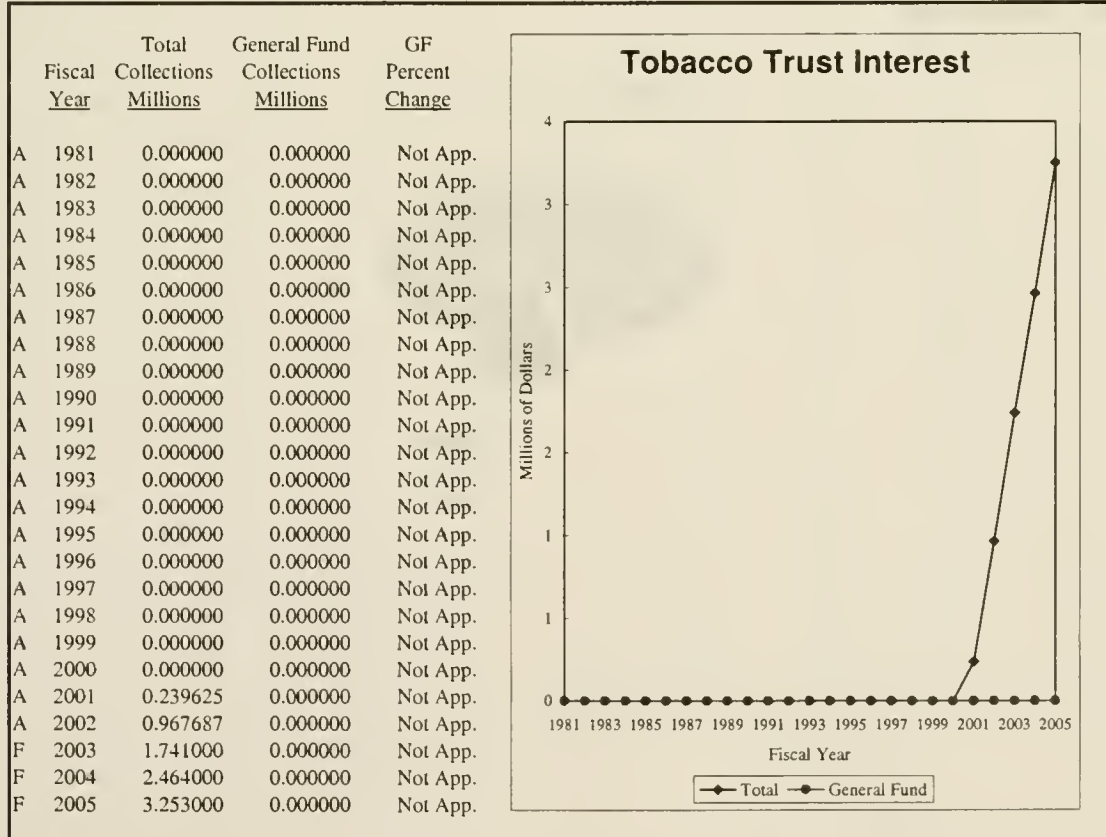
Distribution: Interest earnings from the trust fund are distributed:

1. 90 percent to a state special revenue account for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage that are related to the health care needs of the people of Montana; and
2. 10 percent to the tobacco settlement trust fund.

Statute: Montana Constitution, Article XII, Section 4

% of Total FY 2002 General Fund Revenue: N/A

Revenue Projection:

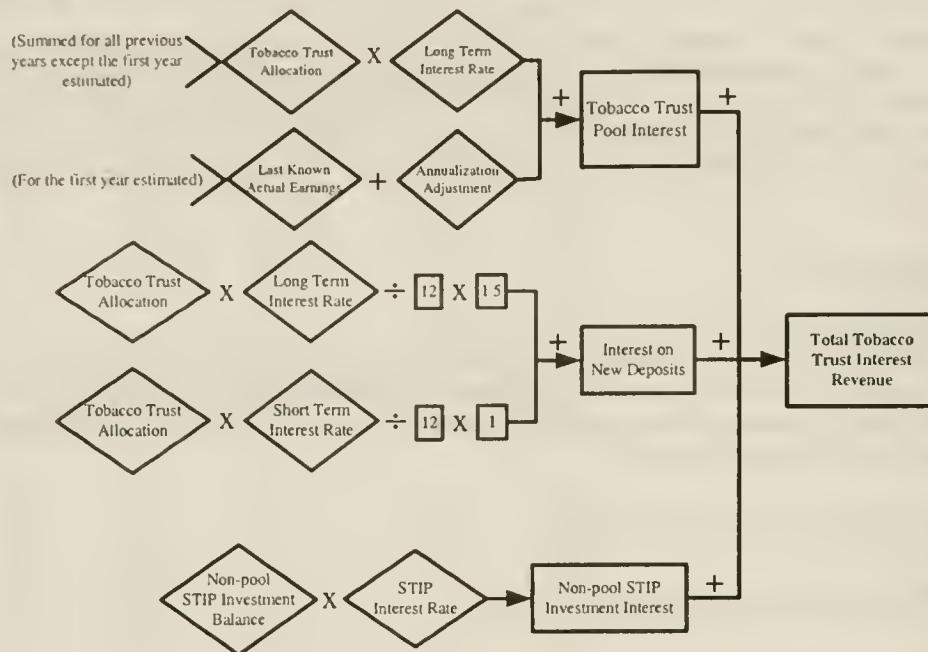


Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Trust Interest

Revenue Estimate Assumptions

	t	Total Rev.	GF Rev.	TFBP	STIP	90 Percent	10 Percent
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>	<u>Interest</u>
				<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000				
Actual	2001	0.239625	0.000000				
Actual	2002	0.967687	0.000000	0.955252	0.012435		
Forecast	2003	1.741000	0.000000	1.701552	0.039787	1.567000	0.174000
Forecast	2004	2.464000	0.000000	2.410175	0.054682	2.218000	0.246000
Forecast	2005	3.253000	0.000000	3.173003	0.081025	2.928000	0.325000

	t	Tobacco	New Deposit	Non Pool	Non Pool
	<u>Fiscal</u>	<u>New Deposit</u>	<u>Long Term</u>	<u>STIP</u>	<u>STIP Bal</u>
		<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	0.000000	6.3330%	5.9500%	0.000000
Forecast	2001	10.650750	6.8830%	6.6400%	0.249457
Forecast	2002	12.432000	6.3330%	3.5953%	0.584877
Forecast	2003	12.781000	6.1800%	2.4114%	0.584877
Forecast	2004	11.463000	6.5800%	3.5505%	0.584877
Forecast	2005	11.818000	6.9620%	5.1618%	0.584877

Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

Revenue Description: In the June 1992 election, voters approved a referendum to create the Treasure State Endowment Fund (TSEF) within the permanent coal tax trust fund. The TSEF received a \$10.0 million grant from the permanent trust principal in fiscal 1994 and receives 37.5 percent of total coal severance tax collections from July 1999 through June 2003. Beginning fiscal 2004, the trust receives 25 percent of total collections. Interest earned on the TSEF is used to finance local infrastructure projects, as prioritized by the Departments of Commerce and Natural Resources and Conservation and authorized by the legislature via the Treasure State Endowment Program (TSEP).

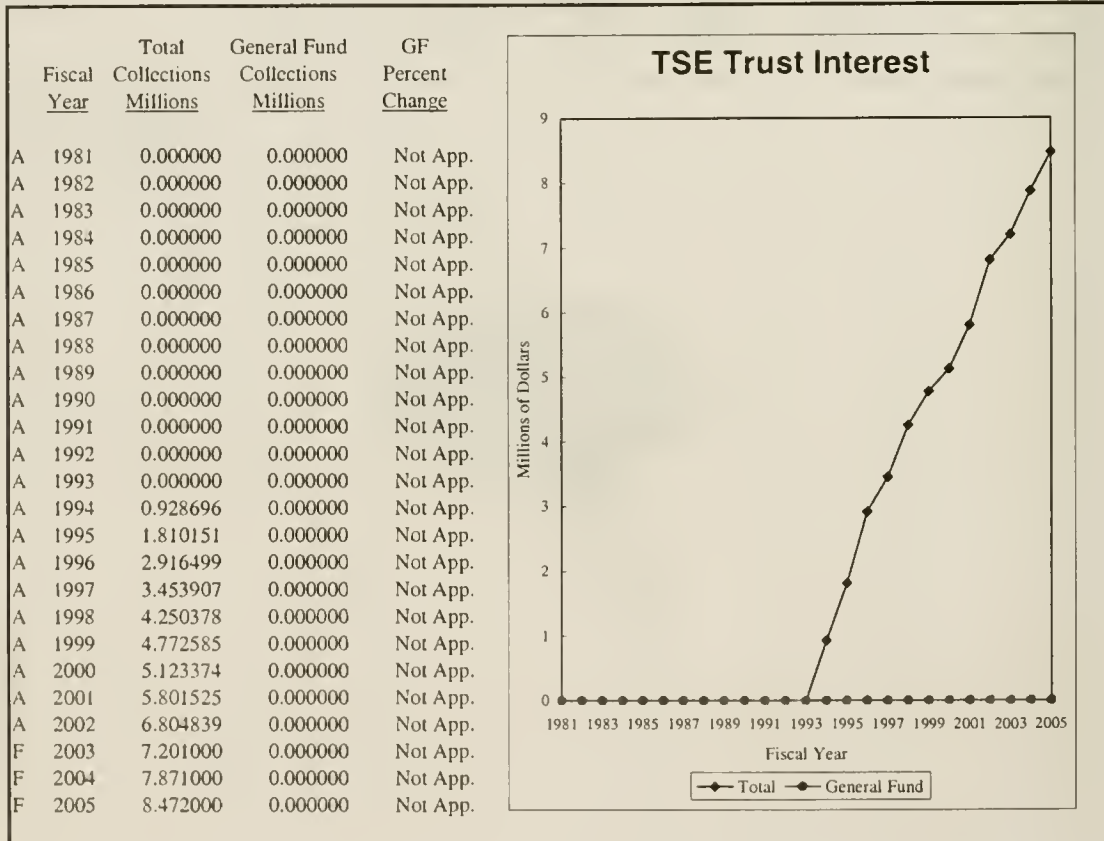
Applicable Tax Rate(s): N/A

Distribution: Interest earnings are allocated to the Department of Commerce to fund TSEP.

Statute: Title 15, Chapter 35; Title 17, Chapter 5; and Title 90, Chapter 6, MCA

% of Total FY 2002 General Fund Revenue: N/A

Revenue Projection:

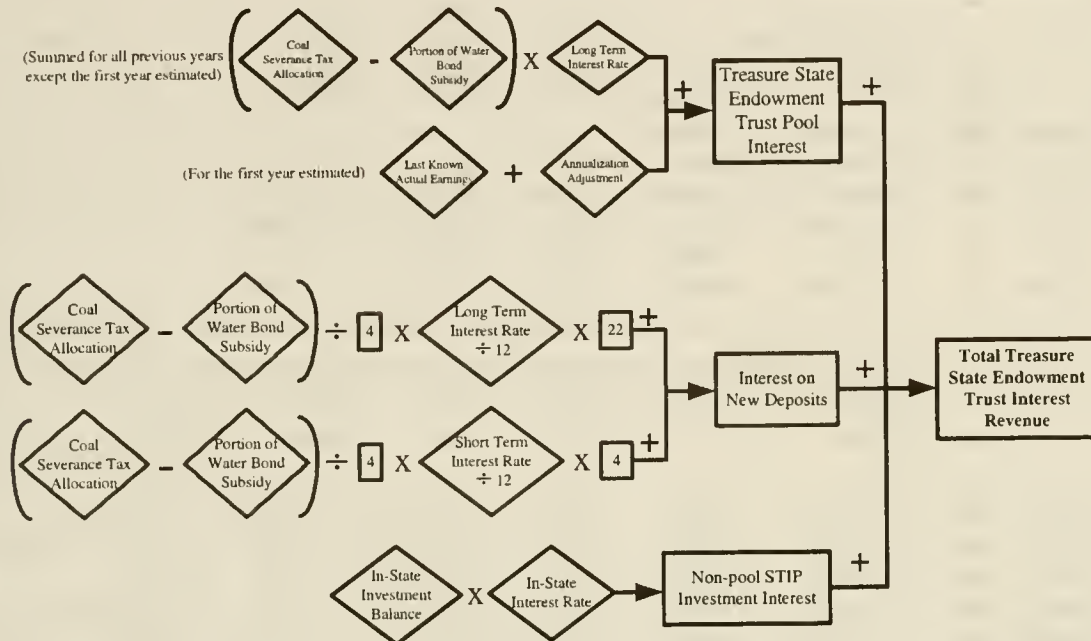


Legislative Fiscal Division

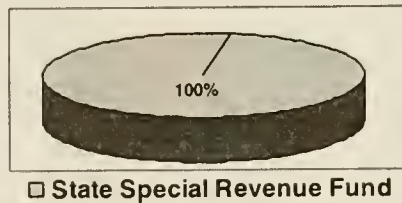
Revenue Estimate Profile

Treasure State Endowment Trust Interest

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Treasure State Endowment Trust Interest

Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Rev.</u> <u>Millions</u>	<u>GF Rev.</u> <u>Millions</u>	<u>TFBP</u> <u>Interest</u> <u>Millions</u>	<u>STIP</u> <u>Interest</u> <u>Millions</u>	<u>Loan</u> <u>Interest</u> <u>Millions</u>
Actual	2000	5.123374	0.000000			
Actual	2001	5.801525	0.000000			
Actual	2002	6.804839	0.000000	5.107385	0.166917	1.530537
Forecast	2003	7.201000	0.000000	5.548860	0.511829	1.139990
Forecast	2004	7.871000	0.000000	6.226744	0.503721	1.139990
Forecast	2005	8.472000	0.000000	6.703662	0.627599	1.139990

	<u>t</u> <u>Fiscal</u>	<u>Net Coal Tax</u> <u>New Deposit</u> <u>Millions</u>	<u>New Deposit</u> <u>Long Term</u> <u>Rate</u>	<u>Non Pool</u> <u>STIP</u> <u>Rate</u>	<u>Non Pool</u> <u>Loan</u> <u>Rate</u>	<u>Non Pool</u> <u>STIP Bal</u> <u>Millions</u>	<u>Non Pool</u> <u>Loan Bal</u> <u>Millions</u>
Actual	2000	13.301172	7.0160%	5.9500%	0.0000%	12.385400	0.000000
Actual	2001	12.126440	6.8830%	6.6400%	2.4244%	4.384216	19.223452
Actual	2002	11.855268	6.3330%	3.5953%	6.3834%	7.426826	17.858672
Forecast	2003	10.969000	6.1800%	2.4114%	6.3834%	7.426826	17.858672
Forecast	2004	7.248000	6.5800%	3.5505%	6.3834%	7.426826	17.858672
Forecast	2005	6.745000	6.9620%	5.1618%	6.3834%	7.426826	17.858672

Legislative Fiscal Division

Revenue Estimate Profile

Treasury Cash Account Interest

Revenue Description: The Department of Commerce, Board of Investments is responsible for investing all state funds. Title 17, Chapter 6, MCA, provides guidelines under which the funds must be invested. Unless specifically stated by statute, all interest earned on these investments is deposited in the general fund. Treasury cash is invested in a mixture of short and medium-term investments. Consequently, the interest assumptions adopted by the legislature incorporate a blend of short and intermediate-term rates. When needed to address cash flow problems, the state typically issues tax and revenue anticipation notes (TRANS). The legislature would then adopt TRANS issuance assumptions, since this affects the average invested balance. TRANS are anticipated at \$92.8 million in fiscal 2003 and \$65.0 million in each year of the 2005 biennium.

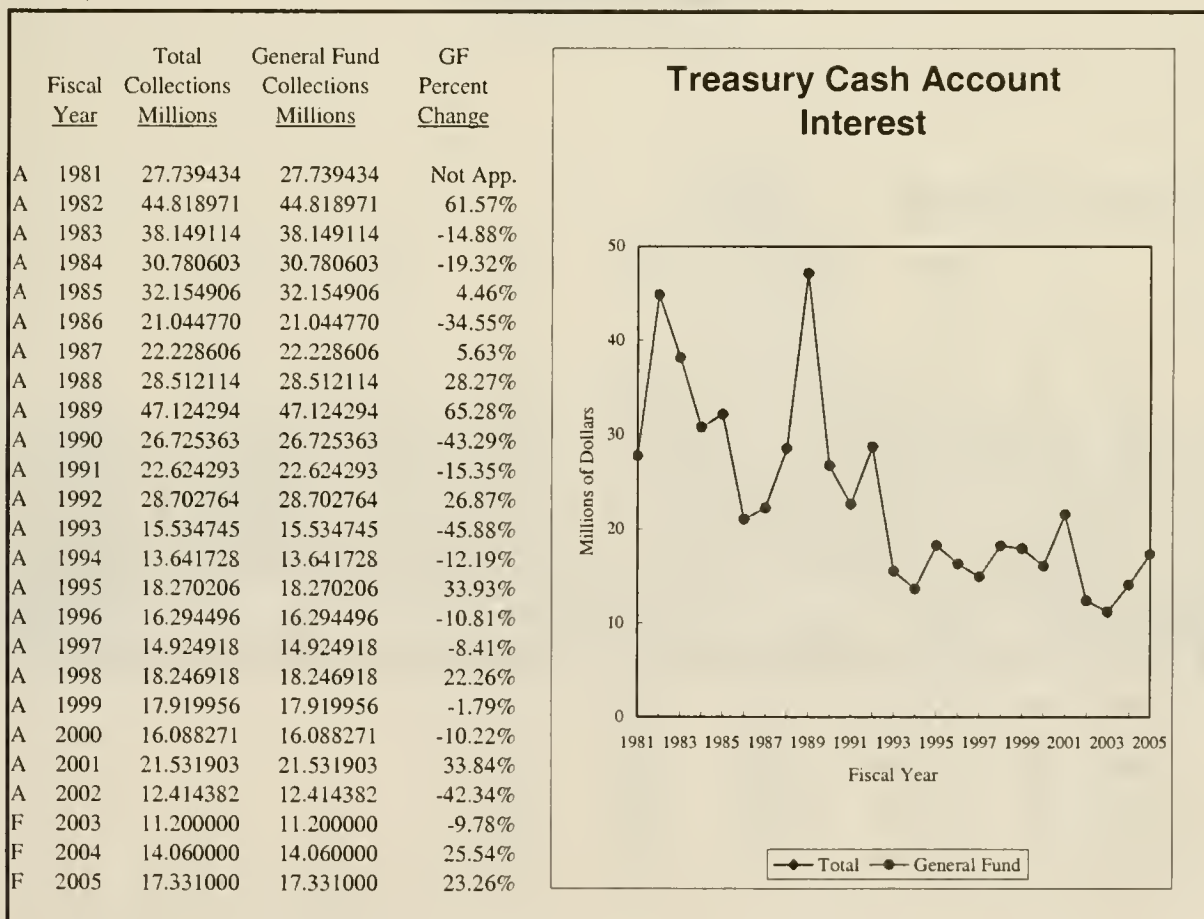
Applicable Tax Rate(s): N/A

Distribution: All investment earnings on the treasury cash account (TCA) are deposited into the general fund.

Statute: Title 17, Chapter 6, MCA

% of Total FY 2002 General Fund Revenue: 1.04%

Revenue Projection:

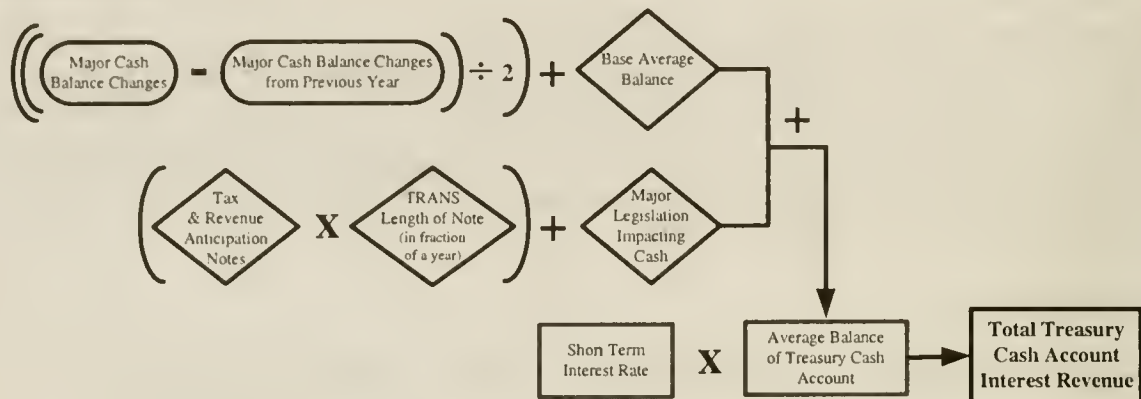


Legislative Fiscal Division

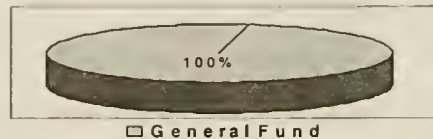
Revenue Estimate Profile

Treasury Cash Account Interest

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>Avg. Bal.</u>	<u>Interest</u>	<u>Issue</u>	<u>TRANS</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Cost</u>
Actual	2000	16.088271	16.088271	303.627590	0.052987	0.000000	0.000000
Actual	2001	21.531903	21.531903	334.705188	0.064331	0.000000	0.000000
Actual	2002	13.191457	12.414382	273.343304	0.048260	0.000000	0.000000
Forecast	2003	11.200000	11.200000	302.847049	0.036981	0.023877	1.477191
Forecast	2004	14.060000	14.060000	302.175699	0.046526	0.030040	1.311747
Forecast	2005	17.331000	17.331000	302.344944	0.057319	0.037008	1.616017

	<u>t</u>	<u>Base Bal.</u>	<u>TRANS</u>	<u>TRANS</u>	<u>GF Bal.</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Length</u>	<u>Millions</u>
Actual	2000	303.628000	0.000000	0.000000	144.484872
Actual	2001	334.705000	0.000000	0.000000	154.734744
Actual	2002	273.343000	0.000000	0.000000	62.938467
Forecast	2003	211.476606	92.800000	0.666667	22.700000
Forecast	2004	229.676616	65.500000	0.666667	50.000000
Forecast	2005	229.676616	65.500000	0.666667	50.000000

CONSUMPTION TAXES

Beer Tax
Cigarette Tax
Diesel Tax
Gasoline Tax
GVW & Other Fees
Liquor Excise & License Tax

Liquor Profits
Lottery Profits
Tobacco Tax
Video Gambling Tax
Wine Tax



Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

Revenue Description: A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A small portion of the revenue from the beer license tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

Applicable Tax Rate(s): The per barrel tax varies based on barrels of production: 1) up to 5,000 barrels - \$1.30; 2) 5,001 to 10,000 barrels - \$2.30; 3) 10,001 to 20,000 barrels - \$3.30; and 4) over 20,000 barrels - \$4.30.

Distribution: Beer tax revenue is distributed 76.74 percent to the general fund and 23.26 percent to the DPHHS state special revenue alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

- Barrels of Beer
- Montana Population
- Montana Employment
- Montana Per Capita Consumption
- Montana Disposable Income
- Monthly Beer Production

Statute: Title 16, Chapter 1, MCA

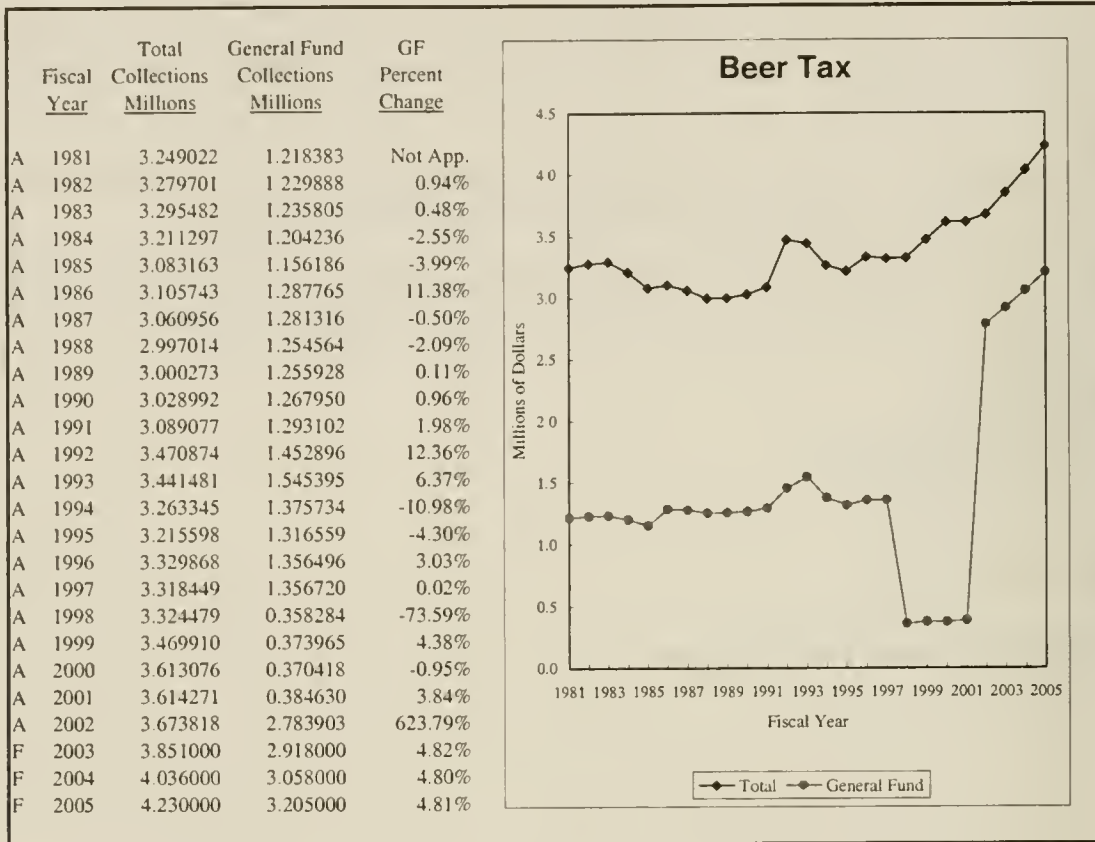
% of Total FY 2002 General Fund Revenue: 0.22%

Legislative Fiscal Division

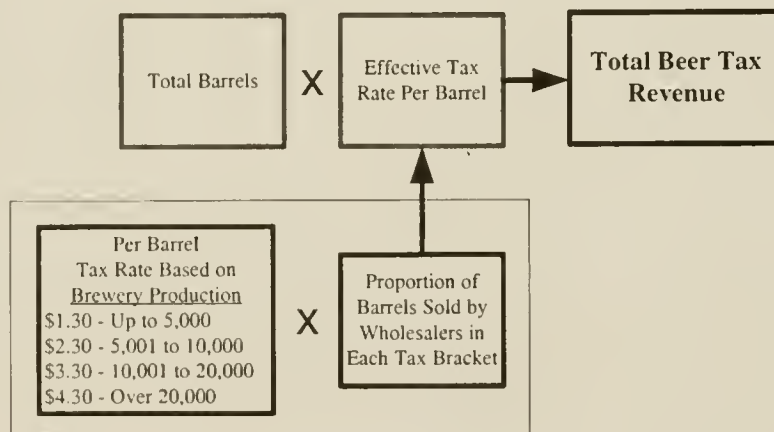
Revenue Estimate Profile

Beer Tax

Revenue Projection:



Forecast Methodology

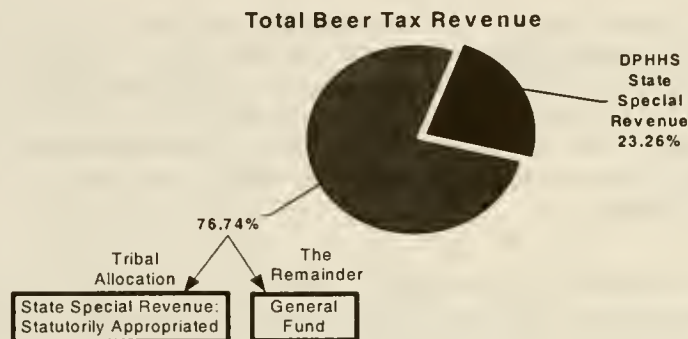


Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Barrels	Tax Rate	Effective	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Barrel	Tax Rate Per Barrel	Allocation	Millions
Actual	2000	3.613076	0.370418	0.840250	4.300000		0.116283	0.049723
Actual	2001	3.614271	0.384630	0.840528	4.300000		0.116300	0.035710
Actual	2002	3.673818	2.783903	0.881114	4.300000	4.169515	0.767400	0.035385
Forecast	2003	3.851000	2.918000	0.923578	4.300000	4.169515	0.767400	0.037000
Forecast	2004	4.036000	3.058000	0.968005	4.300000	4.169515	0.767400	0.039000
Forecast	2005	4.230000	3.205000	1.014483	4.300000	4.169515	0.767400	0.041000

Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Revenue Description: The cigarette tax is an excise tax imposed on all cigarettes sold or possessed in Montana. The tax is imposed on the retail consumer, but is collected by wholesalers or retailers through the use of tax insignia. The insignia are purchased from the state and affixed to each package of cigarettes. The tax does not apply to quota cigarettes sold on an Indian reservation. In practice, the tax is levied on all cigarettes and the wholesaler receives a refund for the amount within the quota that has been sold within the boundaries of an Indian reservation. Each tribe's quota is equal to 150.0 percent of the national average for individual consumption of cigarettes multiplied by the enrolled tribal member population, or any other amount agreed to in a state-tribal agreement. The state has agreements with five tribes in Montana.

Applicable Tax Rate(s): Wholesalers pay a license fee of \$50.00 and each retailer pays a license fee of \$5.00. License fees are renewable each year and are non-transferable. The excise tax on cigarettes is \$0.18 per twenty-cigarette pack. When a pack contains more than 20 cigarettes, the tax is prorated at 1/20th of \$0.18 for each cigarette in excess of 20 cigarettes.

Distribution: All wholesaler and retailer license fees are deposited in the general fund. After deductions for tribal refunds, the cigarette tax is distributed:

- 11.11% - DPHHS for veterans' nursing home operation and maintenance
- 73.04% - General Fund
- 15.85% - Long-Range Building Program

Statute: Title 16, Chapter 11, MCA

% of Total FY 2002 General Fund Revenue: 0.62%

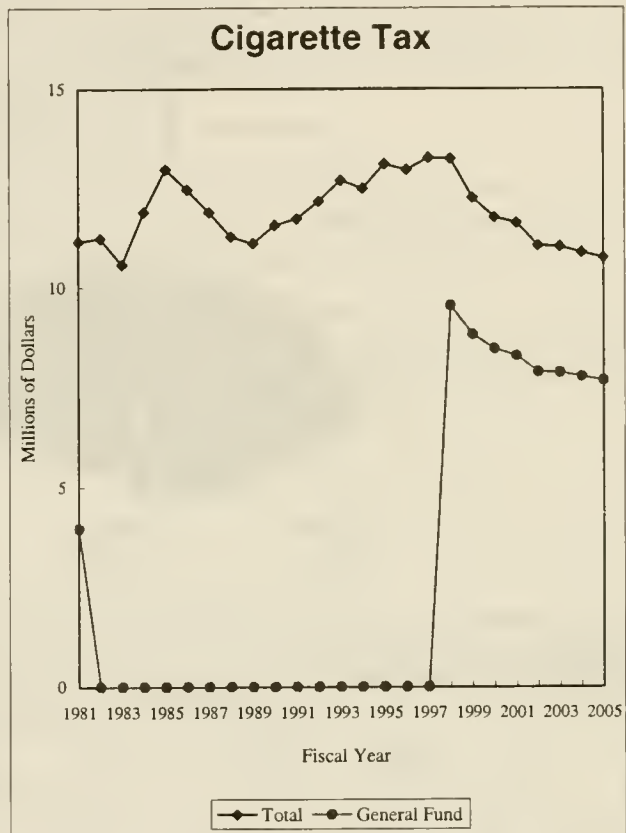
Legislative Fiscal Division

Revenue Estimate Profile

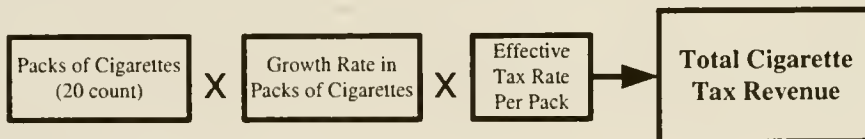
Cigarette Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1981	11.162441	3.970480	Not App.
A	1982	11.233044	0.000000	-100.00%
A	1983	10.580701	0.000000	Not App.
A	1984	11.902317	0.000000	Not App.
A	1985	12.981436	0.000000	Not App.
A	1986	12.466822	0.000000	Not App.
A	1987	11.894715	0.000000	Not App.
A	1988	11.278326	0.000000	Not App.
A	1989	11.113087	0.000000	Not App.
A	1990	11.567081	0.000000	Not App.
A	1991	11.733190	0.000000	Not App.
A	1992	12.172864	0.000000	Not App.
A	1993	12.698195	0.000000	Not App.
A	1994	12.495504	0.000000	Not App.
A	1995	13.114640	0.000000	Not App.
A	1996	12.969138	0.000000	Not App.
A	1997	13.267373	0.000000	Not App.
A	1998	13.244550	9.543855	Not App.
A	1999	12.265346	8.822721	-7.56%
A	2000	11.766271	8.463793	-4.07%
A	2001	11.628459	8.284722	-2.12%
A	2002	11.052174	7.886903	-4.80%
F	2003	11.029000	7.870000	-0.21%
F	2004	10.880000	7.764000	-1.35%
F	2005	10.744000	7.667000	-1.25%



Forecast Methodology

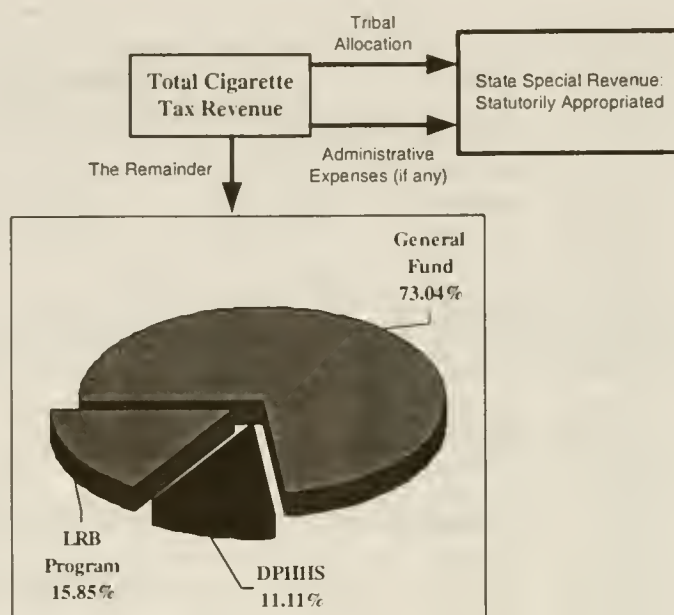


Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Pack</u>	<u>ETR</u>	<u>GF Percent</u>	<u>Tribal</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Per Pack</u>	<u>Allocation</u>	<u>Millions</u>
Actual	2000	11.766271	8.463793	71.801052	0.163873	0.719327	0.178384
Actual	2001	11.628459	8.284722	66.963254	0.173654	0.712452	0.285740
Actual	2002	11.052174	7.886903	67.334264	0.164139	0.713606	0.254115
Forecast	2003	11.029000	7.870000	67.195477	0.164139	0.730400	0.254000
Forecast	2004	10.880000	7.764000	66.288119	0.164139	0.730400	0.250000
Forecast	2005	10.744000	7.667000	65.459377	0.164139	0.730400	0.247000

Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Revenue Description: The Montana Constitution (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of special fuels (primarily diesel): 1) the main source of revenue is a diesel tax of \$0.2775 per gallon paid to the Department of Transportation (DOT) for every gallon of diesel sold or used in the state; and 2) a tax of \$0.0075 is assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0 percent of the diesel tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

Applicable Tax Rate(s):

1. Diesel (Special) Fuel Tax - \$0.2775 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$0.0075

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) diesel tax refunds; and 4) amounts refunded through the international fuel tax agreement, diesel tax proceeds are distributed to DOT. Of that amount, 1/4 of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

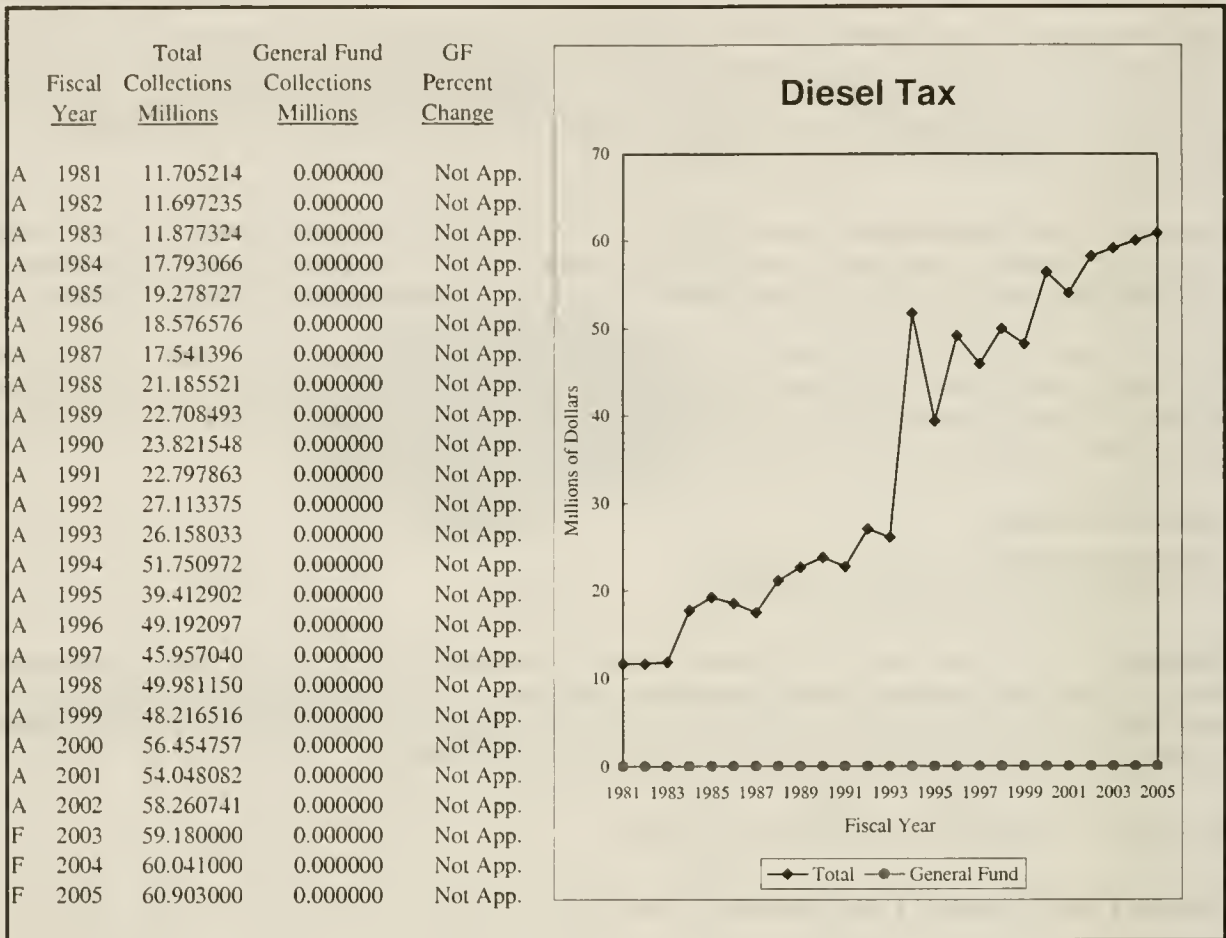
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

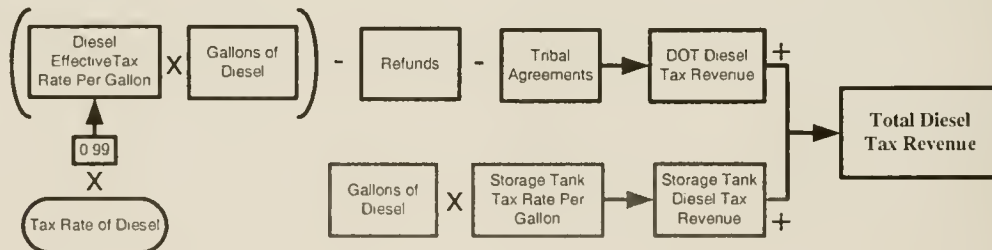
Revenue Estimate Profile

Diesel Tax

Revenue Projection:



Forecast Methodology

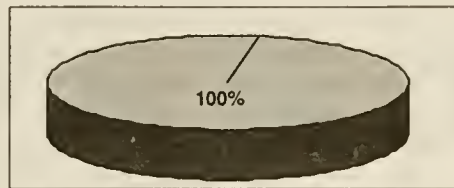


Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Distribution Methodology



State Special Revenue Fund

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross</u>	<u>Diesel Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	56.454757	0.000000	59.780702	54.259213	2.195544
Actual	2001	54.048082	0.000000	57.941310	51.861214	2.186868
Actual	2002	58.260741	0.000000	62.220598	56.094333	2.166408
Forecast	2003	59.180000	0.000000	63.200350	56.950950	2.229072
Forecast	2004	60.041000	0.000000	64.122634	57.820648	2.220264
Forecast	2005	60.903000	0.000000	65.047172	58.703627	2.199491

	<u>t</u>	<u>Refunds</u>	<u>Diesel</u>	<u>Tank</u>	<u>Gallons</u>	<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Effective</u>	<u>Effective</u>	<u>Millions</u>	<u>Gallons</u>
			<u>Rate</u>	<u>Rate</u>		<u>Millions</u>
Actual	2000	-3.325945	0.274725	0.007500	209.610185	292.739200
Actual	2001	-3.893228	0.274725	0.007500	202.946372	291.582400
Actual	2002	-3.959857	0.274725	0.007500	218.597470	288.854400
Forecast	2003	-4.020328	0.274725	0.007500	221.935672	297.209620
Forecast	2004	-4.081722	0.274725	0.007500	225.324852	296.035155
Forecast	2005	-4.144054	0.274725	0.007500	228.765788	293.265496

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>GF</u>	<u>DOT</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.0000%	100.0000%	0.000000	54.259213
Actual	2001	0.0000%	100.0000%	0.000000	51.861214
Actual	2002	0.0000%	100.0000%	0.000000	56.094333
Forecast	2003	0.0000%	100.0000%	0.000000	56.951000
Forecast	2004	0.0000%	100.0000%	0.000000	57.821000
Forecast	2005	0.0000%	100.0000%	0.000000	58.704000

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Description: The constitution of the state (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of gasoline: 1) the primary source of revenue is a gasoline license tax of \$0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and 2) a tax of \$.0075 assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup..

Distributors are allowed to withhold 1.0 percent of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

Applicable Tax Rate(s):

1. Gasoline License Tax - \$0.27 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$.0075

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of the gasoline tax is allocated as follows:

- 9/10 of 1.0% to the state park account
- 15/28 of 1.0% to a snowmobile account in the state special revenue fund. This amount is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0% to the noxious weed trust.
- 1/8 of 1.0% to an off-highway vehicle account in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
- 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$.01 per gallon is allocated specifically to the funding of highway system maintenance.

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

% of Total FY 2002 General Fund Revenue: N/A

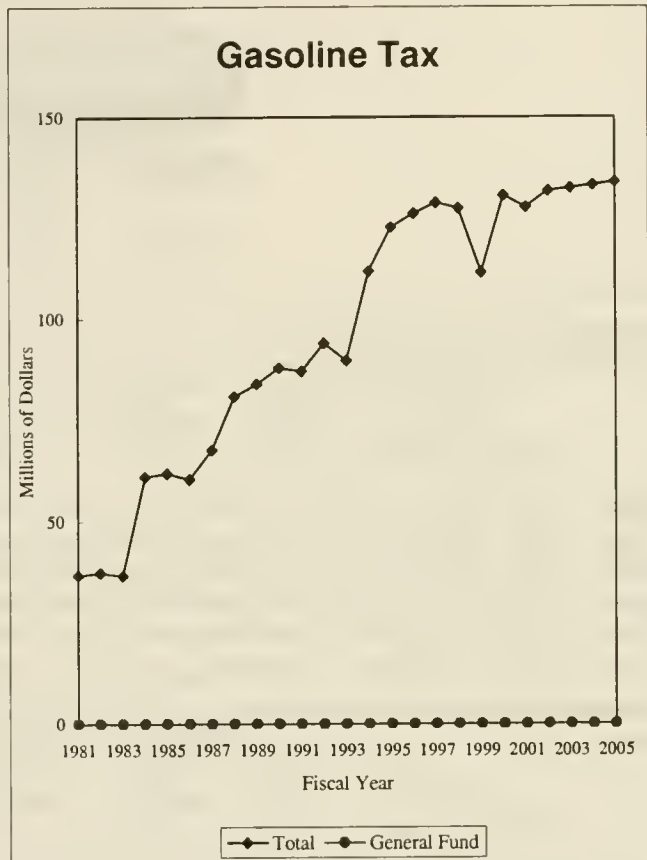
Legislative Fiscal Division

Revenue Estimate Profile

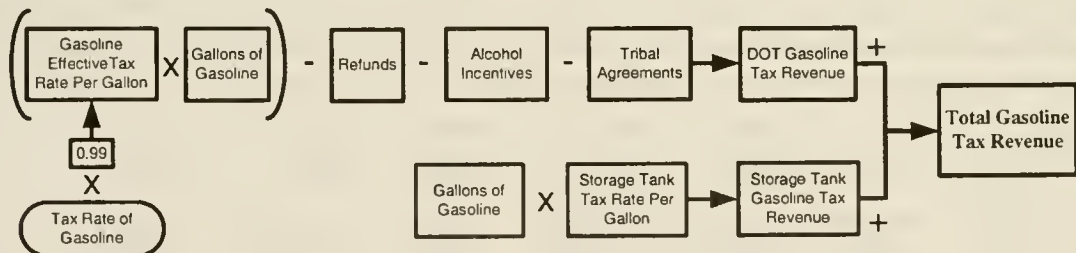
Gasoline Tax

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1981	36.811022	0.000000	Not App.
A	1982	37.395507	0.000000	Not App.
A	1983	36.687190	0.000000	Not App.
A	1984	61.088588	0.000000	Not App.
A	1985	61.880197	0.000000	Not App.
A	1986	60.481887	0.000000	Not App.
A	1987	67.631602	0.000000	Not App.
A	1988	80.889296	0.000000	Not App.
A	1989	83.951442	0.000000	Not App.
A	1990	87.893465	0.000000	Not App.
A	1991	87.110555	0.000000	Not App.
A	1992	94.018718	0.000000	Not App.
A	1993	89.738559	0.000000	Not App.
A	1994	111.863525	0.000000	Not App.
A	1995	122.796443	0.000000	Not App.
A	1996	126.214407	0.000000	Not App.
A	1997	128.847545	0.000000	Not App.
A	1998	127.512638	0.000000	Not App.
A	1999	111.536744	0.000000	Not App.
A	2000	130.551884	0.000000	Not App.
A	2001	127.754608	0.000000	Not App.
A	2002	131.730649	0.000000	Not App.
F	2003	132.446000	0.000000	Not App.
F	2004	133.185000	0.000000	Not App.
F	2005	133.918000	0.000000	Not App.



Forecast Methodology

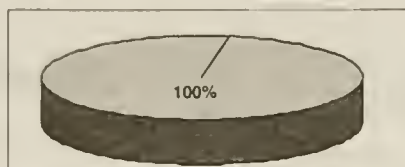


Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Distribution Methodology



□ State Special Revenue Fund

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross Tax</u>	<u>Gas Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	130.551884	0.000000	137.379589	126.764307	3.787577
Actual	2001	127.754608	0.000000	134.969262	124.059136	3.695472
Actual	2002	131.730649	0.000000	138.612875	128.001188	3.729461
Forecast	2003	132.446000	0.000000	139.358335	128.696142	3.749518
Forecast	2004	133.185000	0.000000	140.107804	129.415145	3.769683
Forecast	2005	133.918000	0.000000	140.861304	130.127861	3.789956

	<u>t</u>	<u>Refunds</u>	<u>Alcohol</u>	<u>Tribal</u>	<u>Gas</u>	<u>Tank</u>	<u>Gallons</u>	<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Incentives</u>	<u>Millions</u>	<u>Effective</u>	<u>Effective</u>	<u>Millions</u>	<u>Gallons</u>
			<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>		<u>Millions</u>
Actual	2000	-3.267807	0.000000	-3.559898	0.267300	0.007500	499.783060	505.01027
Actual	2001	-3.458208	0.000000	-3.756446	0.267300	0.007500	491.110325	492.72960
Actual	2002	-3.152765	0.000000	-3.729461	0.267300	0.007500	504.614343	497.26147
Forecast	2003	-3.169721	0.000000	-3.742954	0.267300	0.007500	507.328159	499.93574
Forecast	2004	-3.186768	0.000000	-3.736208	0.267300	0.007500	510.056570	502.62439
Forecast	2005	-3.203906	0.000000	-3.739581	0.267300	0.007500	512.799654	505.32751

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>FWP Snow</u>	<u>FWP Boat</u>	<u>Aeronautics</u>	<u>Off Highway</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	0.0000%	98.3551%	0.4729%	0.9253%	0.0411%	0.0000%
Forecast	2001	0.0000%	98.3544%	0.4698%	0.9272%	0.0418%	0.0000%
Forecast	2002	0.0000%	98.3640%	0.4711%	0.9227%	0.0411%	0.0000%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%
Forecast	2004	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

	t	DOT	FWP Snow	FWP Boat	Aeronautics
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Forecast	2001	0.01030%	0.02050%	0.05140%	0.01030%
Forecast	2002	0.01030%	0.01950%	0.04920%	0.01030%
Forecast	2003	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2004	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2005	0.00540%	0.02320%	0.04640%	0.01250%

	t	GF	DOT	FWP Snow	FWP Boat	Aeronautics	Off Highway
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Forecast	2001	0.000000	122.017676	0.582819	1.150251	0.051863	0.141735
Forecast	2002	0.000000	125.907096	0.603018	1.181094	0.052552	0.143185
Forecast	2003	0.000000	126.576000	0.610000	1.192000	0.053000	0.149000
Forecast	2004	0.000000	127.284000	0.613000	1.198000	0.053000	0.150000
Forecast	2005	0.000000	127.984000	0.617000	1.205000	0.054000	0.151000

	t	Weed	Snow Enforce.	Snow Con-Ed.	OHV Con-Ed.
	<u>Fiscal</u>	<u>Gasoline</u> <u>Millions</u>	<u>Gasoline</u> <u>Millions</u>	<u>Gasoline</u> <u>Millions</u>	<u>Gasoline</u> <u>Millions</u>
Actual	2000	0.013032	0.026065	0.065162	0.013032
Forecast	2001	0.012782	0.025441	0.063787	0.012782
Forecast	2002	0.013138	0.024943	0.063024	0.013138
Forecast	2003	0.007000	0.031000	0.061000	0.017000
Forecast	2004	0.007000	0.031000	0.062000	0.017000
Forecast	2005	0.007000	0.031000	0.062000	0.017000

Legislative Fiscal Division

Revenue Estimate Profile

GVW and Other Fees

Revenue Description: There are two types of revenue derived from over 20 different sources classified under gross vehicle weight (GVW) and other income: fee revenue and permit revenue. The majority of revenue is derived from a variety of GVW fees, including those fees collected by counties when vehicles are registered. Until July 1, 2001, GVW fees included the fee in lieu of taxes on all newly purchased vehicles. Miscellaneous permits comprise the second income component under this source.

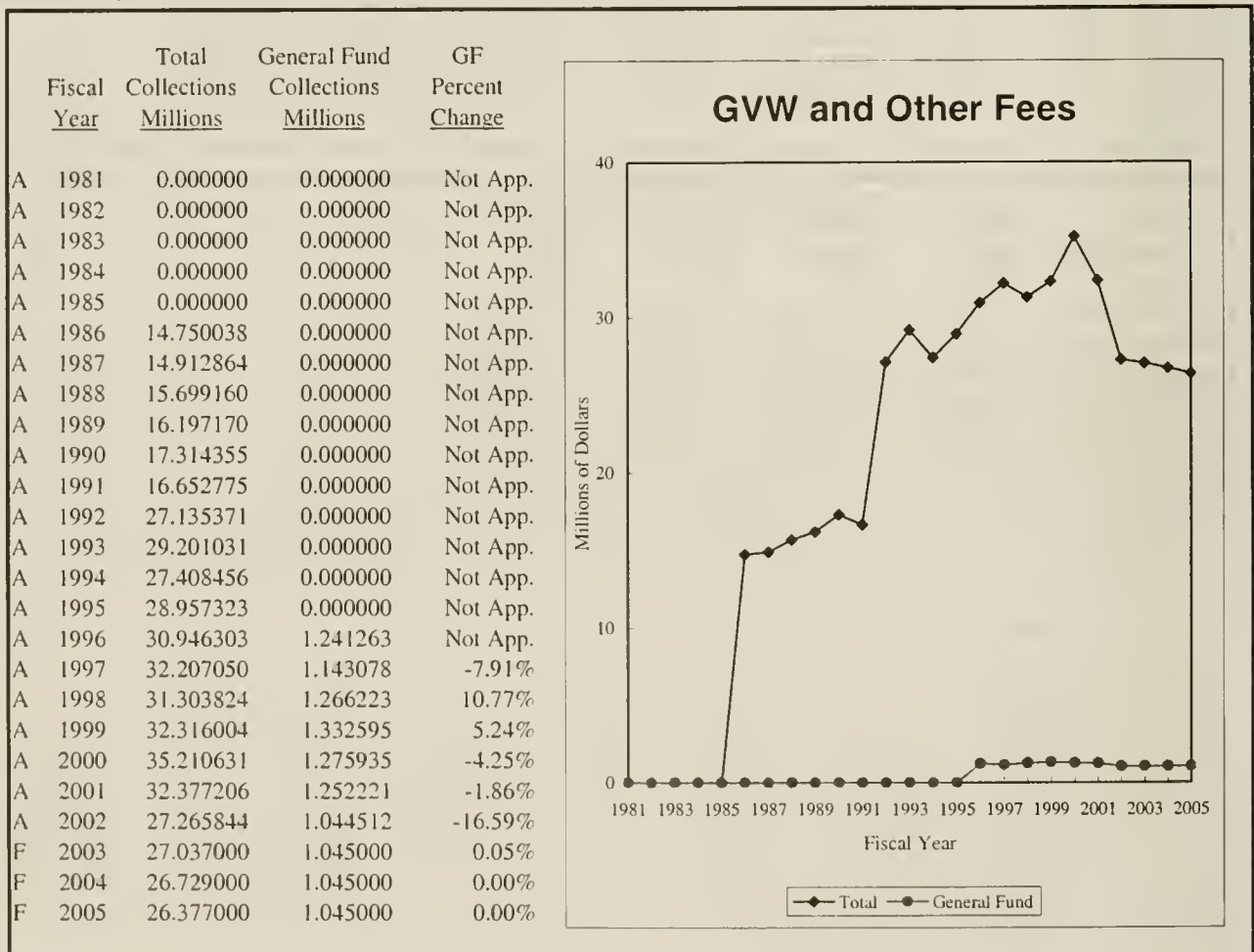
Applicable Tax Rate(s): Various

Distribution: The majority of GVW revenue is allocated to the Department of Transportation. The single state registration system fee is deposited to the general fund and is accounted for in the "All Other General Fund Revenue" profile.

Statute: Title 15, Chapters 24, 70 and 71; and Title 61, Chapters 3, 4 and 10, MCA

% of Total FY 2002 General Fund Revenue: 0.08% (included in "All Other" general fund revenue)

Revenue Projection:

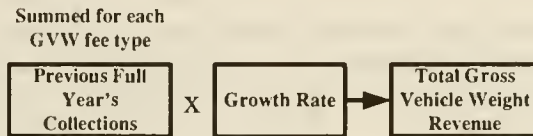


Legislative Fiscal Division

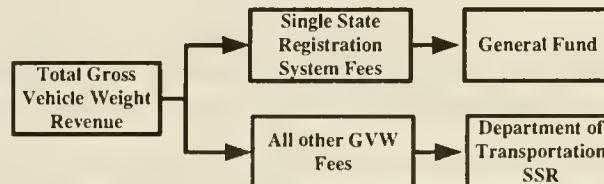
Revenue Estimate Profile

GVW and Other Fees

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>GVW</u> <u>Millions</u>	<u>SSRS</u> <u>Millions</u>	<u>Form 3</u> <u>Millions</u>	<u>Trip</u> <u>Millions</u>	<u>County</u> <u>Millions</u>
Actual	2000	35.210631	1.275935	8.852775	1.275935	0.855910	0.880540	7.321056
Actual	2001	32.377206	1.252221	8.363842	1.252221	0.812782	0.844991	7.681434
Actual	2002	27.265844	1.044512	8.813717	1.044512	0.859843	0.440875	8.933475
Forecast	2003	27.037000	1.045000	8.867736	1.044512	0.843240	0.440875	8.135277
Forecast	2004	26.729000	1.045000	8.922086	1.044512	0.847436	0.440875	8.185138
Forecast	2005	26.377000	1.045000	8.976769	1.044512	0.843842	0.440875	8.235305

	<u>t</u> <u>Fiscal</u>	<u>Sales</u> <u>Millions</u>	<u>Overweight</u> <u>Millions</u>	<u>Special</u> <u>Millions</u>	<u>Restricted</u> <u>Millions</u>	<u>Fuel</u> <u>Millions</u>	<u>LPG</u> <u>Millions</u>	<u>Other</u> <u>Millions</u>
Actual	2000	12.533721	1.459102	0.918654	0.000000	0.105370	0.000000	1.007568
Actual	2001	9.923131	1.768619	0.953853	0.000000	0.124626	0.000000	0.651707
Actual	2002	-0.639815	1.845340	0.902845	0.000000	0.107580	0.000000	0.401431
Forecast	2003	0.000000	1.954163	0.910424	0.000000	0.110872	0.000000	0.401431
Forecast	2004	0.000000	2.067339	0.922505	0.000000	0.110872	0.000000	0.401431
Forecast	2005	0.000000	2.171928	0.931838	0.000000	0.110872	0.000000	0.401431

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Excise and License Tax

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and for liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A portion of the excise tax revenue is returned to Indian tribes through an agreement with the department.

Applicable Tax Rate(s):

Excise Tax Rate

- 16.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 13.8% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

License Tax Rate

- 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated 34.5 percent to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

Statute: Title 16, Chapter 1, MCA

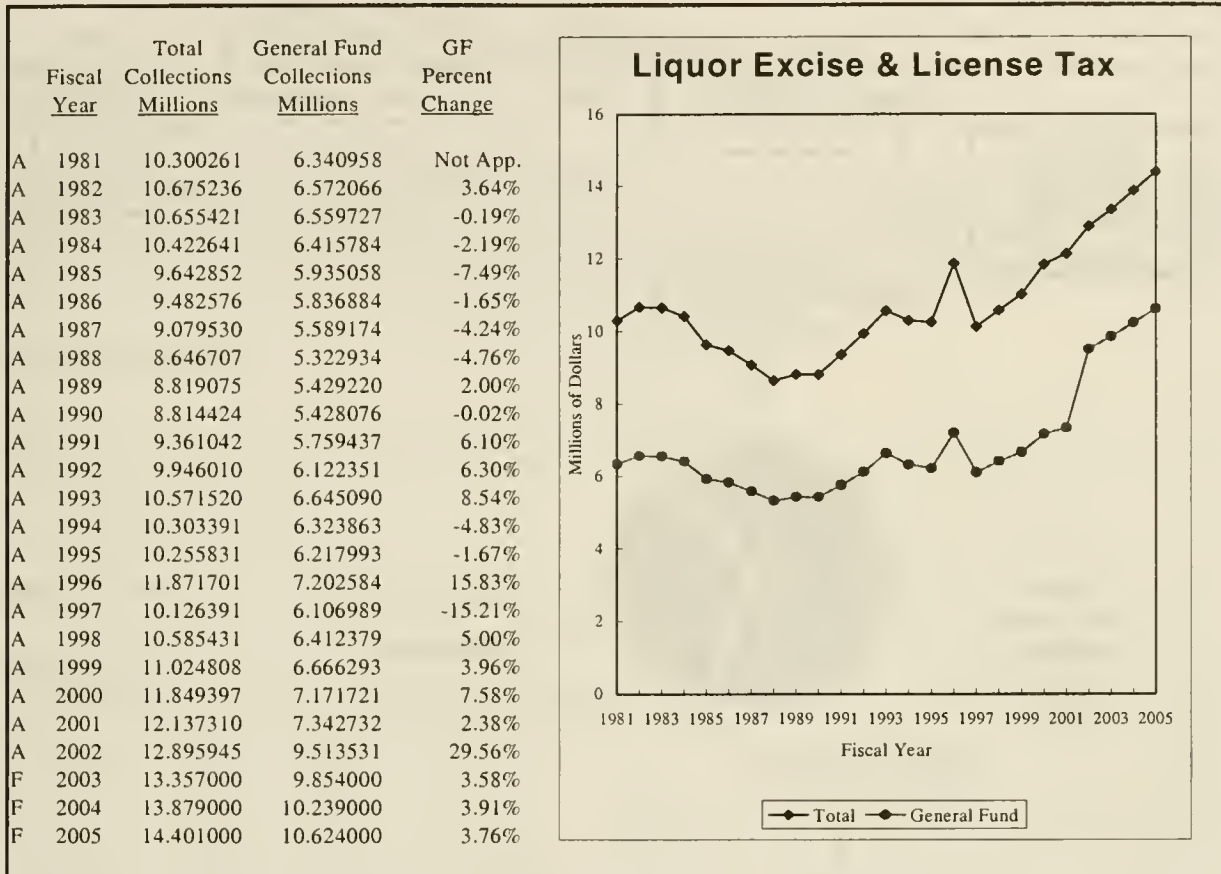
% of Total FY 2002 General Fund Revenue: 0.75%

Legislative Fiscal Division

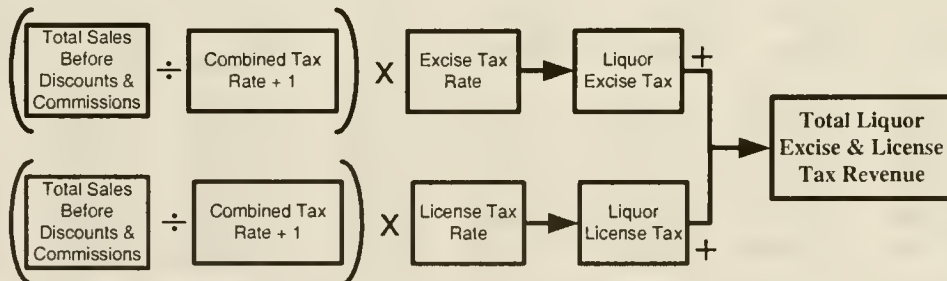
Revenue Estimate Profile

Liquor Excise and License Tax

Revenue Projection:



Forecast Methodology

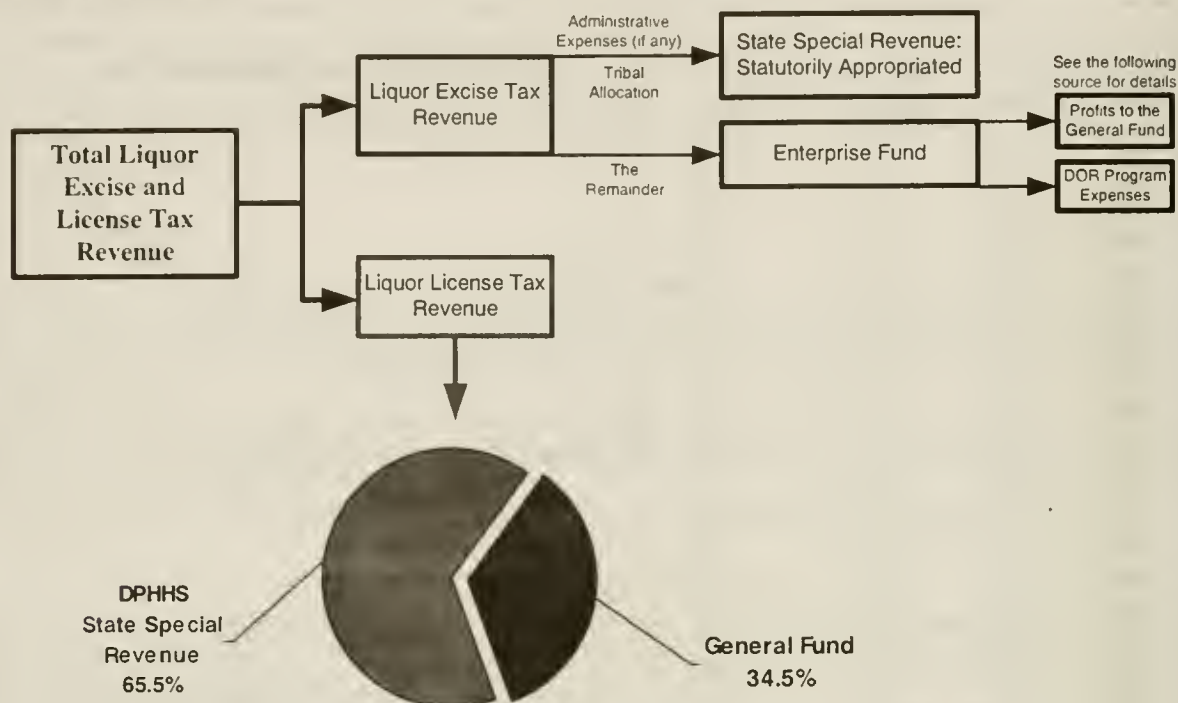


Legislative Fiscal Division

Revenue Estimate Profile

Liquor Excise and License Tax

Distribution Methodology



Revenue Estimate Assumptions

	<u>1</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Tribal</u> <u>Millions</u>	<u>Gross</u> <u>Sales</u>	<u>Excise</u> <u>Rate</u>	<u>License</u> <u>Rate</u>	<u>GF Tax</u> <u>Allocation</u>
Actual	2000	11.849397	7.171721	0.118276	57.467696	0.160000	0.100000	
Actual	2001	12.137310	7.342732	0.126171	58.844284	0.160000	0.100000	
Actual	2002	12.895945	9.513531	0.133456	62.514926	0.160000	0.100000	0.194518
Forecast	2003	13.357000	9.854000	0.138000	64.729951	0.160000	0.100000	0.194500
Forecast	2004	13.879000	10.239000	0.144000	67.260279	0.160000	0.100000	0.194500
Forecast	2005	14.401000	10.624000	0.149000	69.790607	0.160000	0.100000	0.194500

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor and wine to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up on wine (excluding hard cider) varies according to the size of the container and whether or not it is fortified wine or table wine. The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

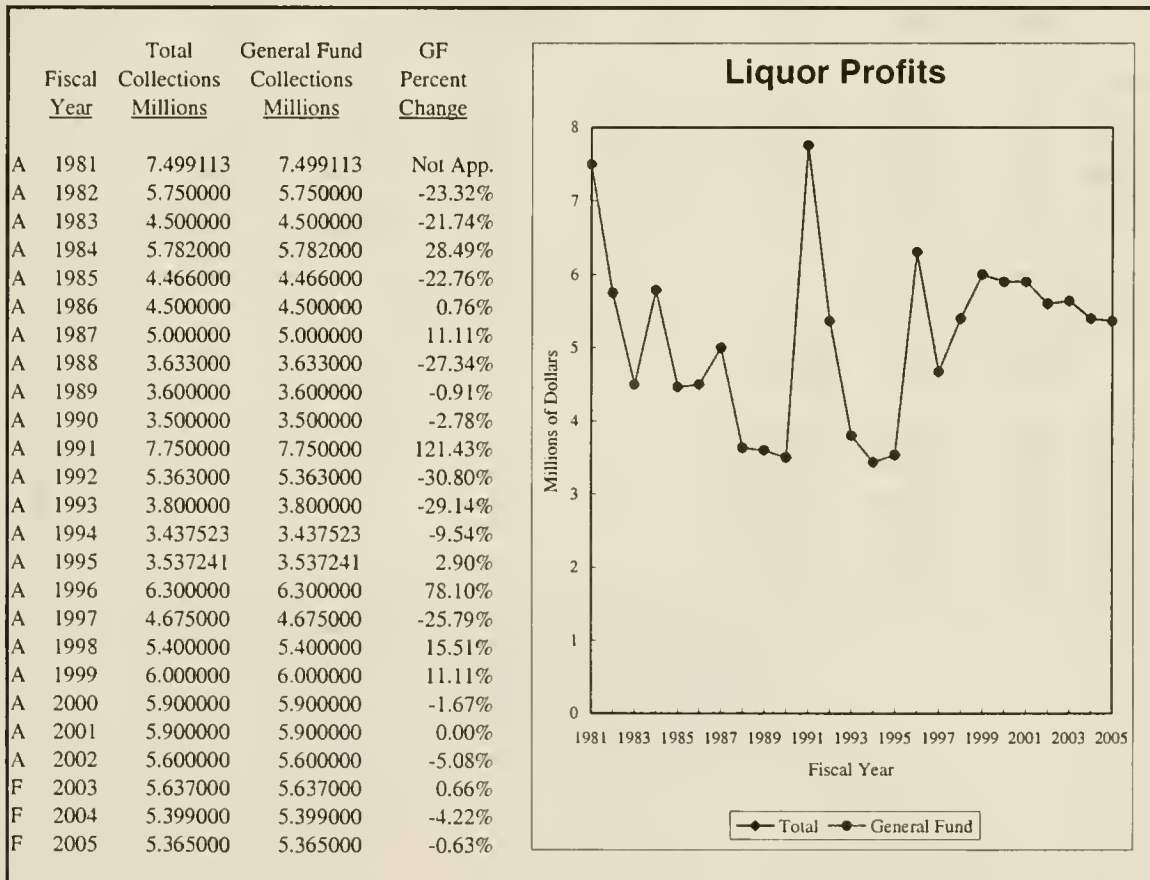
Applicable Tax Rate(s): N/A

Distribution: Liquor profits are usually deposited in the general fund annually.

Statute: Title 16, Chapter 2, MCA

% of Total FY 2002 General Fund Revenue: 0.44%

Revenue Projection:



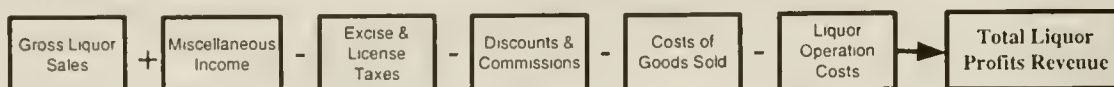
Legislative Fiscal Division

Revenue Estimate Profile

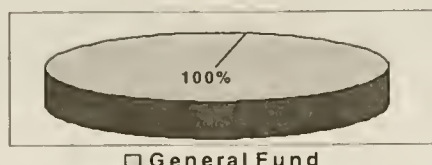
Liquor Profits

Forecast Methodology

For the prior year



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Profit</u> <u>Millions</u>	<u>Gross</u> <u>Sales</u>	<u>Excise/Lic</u> <u>Tax</u>	<u>Dis/Comm</u> <u>Millions</u>	<u>Cost of</u> <u>Goods</u>	<u>Operation</u> <u>Costs</u>
Actual	2000	5.900000	57.467696	11.853082	6.003244	32.318259	1.202429
Actual	2001	5.900000	58.844284	12.141061	6.134579	33.666541	1.301124
Actual	2002	5.600000	62.514926	12.898347	6.797458	35.766944	1.416026
Forecast	2003	5.637000	64.729951	13.356974	7.038306	37.117397	1.530377
Forecast	2004	5.399000	67.260279	13.879105	7.313437	38.682070	1.518691
Forecast	2005	5.365000	69.790607	14.401236	7.588568	40.255972	1.523234

	<u>t</u> <u>Fiscal</u>	<u>Other</u> <u>Income</u>	<u>Leg. Impact</u> <u>Millions</u>
Actual	2000	0.039667	0.000000
Actual	2001	0.003416	0.000000
Actual	2002	0.000616	0.000000
Forecast	2003	0.000000	0.288608
Forecast	2004	0.000000	0.502211
Forecast	2005	0.000000	0.747240

Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Description: The Montana state lottery was enacted by legislative referendum and became effective January 1, 1987. The first lottery game was launched in June 1987. A lottery is generally defined as "any procedure in which one or more prizes are distributed among persons who have paid for a chance to win a prize". The games are administered by the Department of Administration. By law, a minimum of 45.0 percent of the money paid for tickets or chances must be paid out as prizes.

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Revenue is initially deposited into an enterprise fund known as the state lottery fund.

Applicable Tax Rate(s): There is no actual tax rate involved. However, applicants for sales agent licenses are charged a \$50.00 fee to cover the cost of investigating and processing the applications.

Distribution: All gross lottery revenue not used for prizes, commissions, and operating expenses, together with the interest earned (on the gross revenue while the gross revenue is in the enterprise fund), is considered net revenue. This net revenue is transferred to the general fund. Senate Bill 55, passed by the 1999 legislature, requires the Department of Commerce to submit a 2003 biennium budget for the lottery enterprise fund for appropriation by the legislature. By controlling the appropriations, the legislature has better control over the amount transferred to the general fund.

Statute: Title 23, Chapter 7, MCA

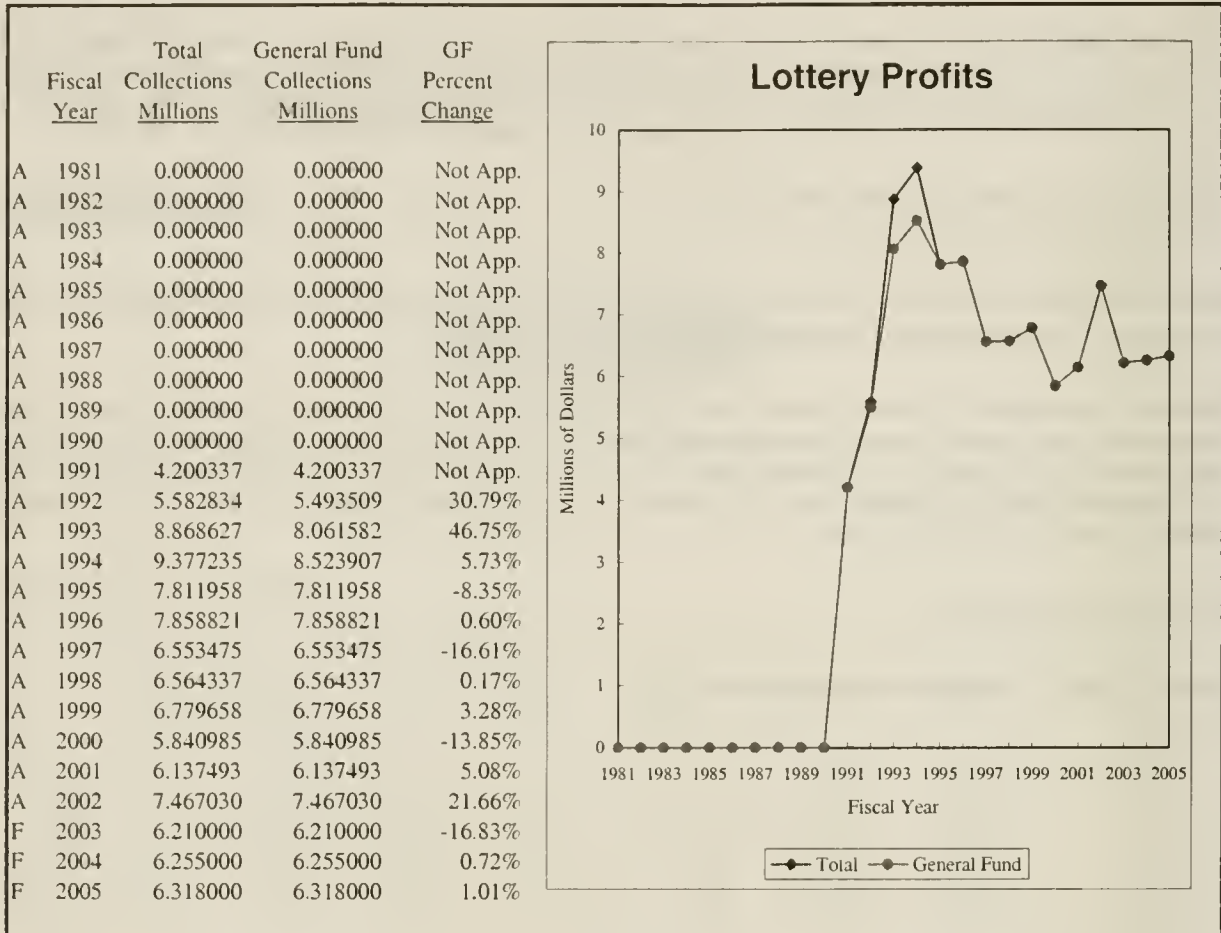
% of Total FY 2002 General Fund Revenue: 0.59%

Legislative Fiscal Division

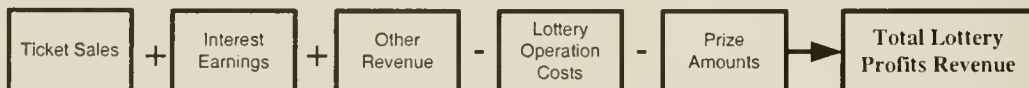
Revenue Estimate Profile

Lottery Profits

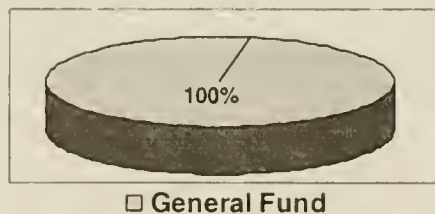
Revenue Projection:



Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Estimate Assumptions

	t	Total Profit	GF Profits	Sales	Interest	Other	Operating	Prizes
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	5.840985	5.840985	29.899809	0.278620	0.075465	7.008184	17.320959
Actual	2001	6.137493	6.137493	30.366526	0.275320	0.056324	7.098908	17.462046
Actual	2002	7.467030	7.467030	33.632276	0.145685	0.039096	6.855120	19.085781
Forecast	2003	6.210000	6.210000	30.597051	0.088892	0.039096	6.855120	17.659761
Forecast	2004	6.255000	6.255000	30.765252	0.131604	0.039096	6.923671	17.756842
Forecast	2005	6.318000	6.318000	30.933453	0.192375	0.039096	6.992908	17.853923

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Tax

Revenue Description: A tax of 12.5 percent of the wholesale price of tobacco products other than cigarettes is collected by the Department of Revenue (DOR). The tax is considered to be a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax. The wholesaler must pay DOR the taxes in full less a 5.0 percent discount for the wholesaler's collection and administrative expense. The wholesaler is entitled to a refund for tobacco products that remain unsold.

The state has a tobacco agreement with only one tribe in Montana. In the agreement with the Blackfeet Tribe, the state collects a tax imposed by the Tribe and forwards the revenue to the Tribe. Indian consumers of tobacco on other reservations pay the tobacco tax.

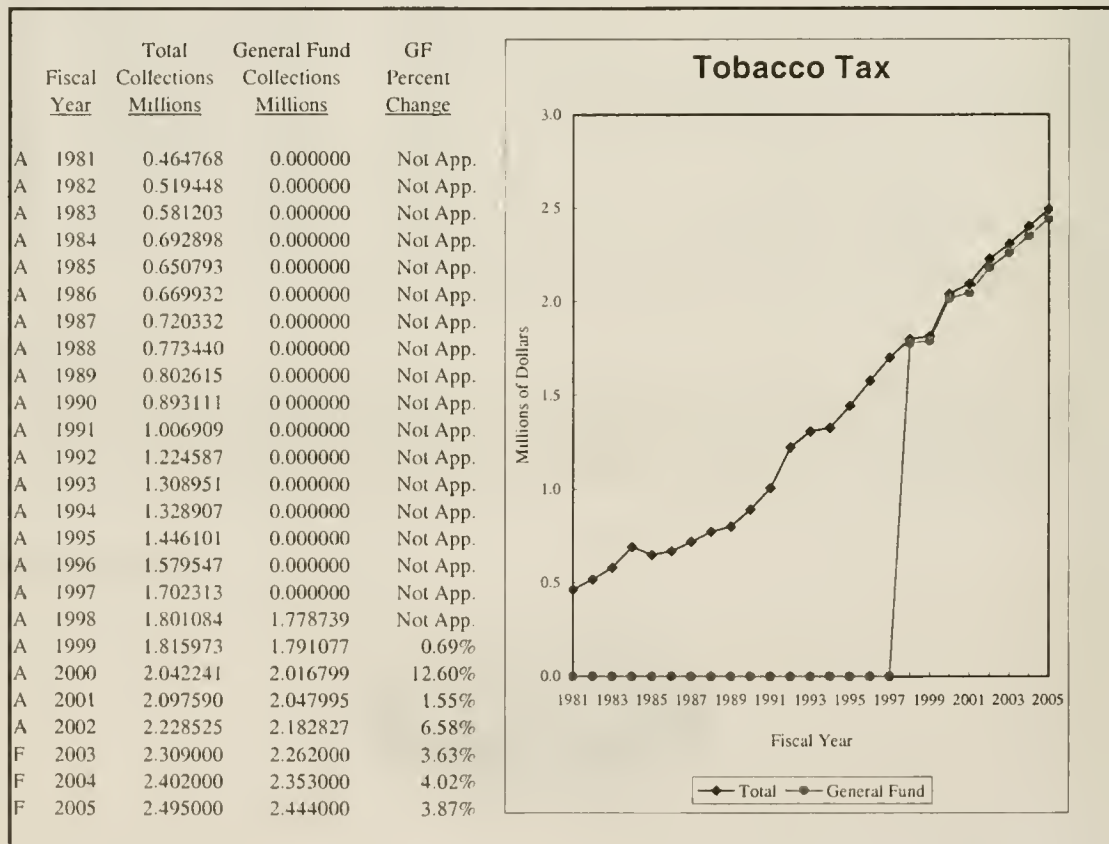
Applicable Tax Rate(s): The tax is 12.5 percent of the wholesale price of (non-cigarette) tobacco products.

Distribution: All proceeds, less distributions paid according to tribal agreements, are deposited into the general fund.

Statute: Title 16, Chapter 11, MCA

% of Total FY 2002 General Fund Revenue: 0.17%

Revenue Projection:

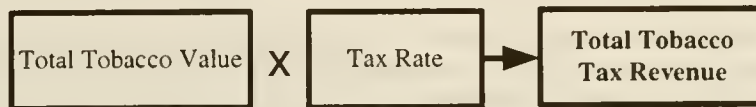


Legislative Fiscal Division

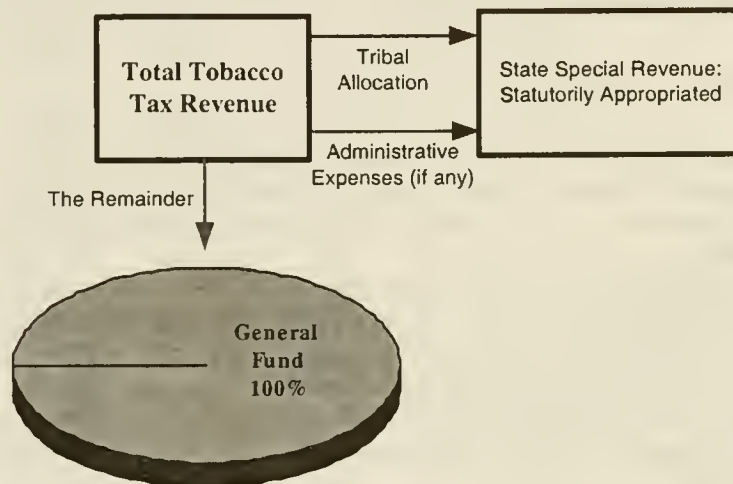
Revenue Estimate Profile

Tobacco Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tribal</u>	<u>Value</u>	<u>Tax Rate</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Percent</u>
Actual	2000	2.042241	2.016799	0.025442	16.337928	12.5000%
Actual	2001	2.097590	2.047995	0.049595	16.780720	12.5000%
Actual	2002	2.228525	2.182827	0.045698	17.828200	12.5000%
Forecast	2003	2.309000	2.262000	0.047348	18.472555	12.5000%
Forecast	2004	2.402000	2.353000	0.049255	19.217691	12.5000%
Forecast	2005	2.495000	2.444000	0.051162	19.962827	12.5000%

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Revenue Description: Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees that generate revenue. Numerous fees are paid by operators for both video gambling machines and for non-video games such as poker. In addition, persons pay an annual fee for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0 percent of the gross income from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes. With the enactment of House Bill 124 by the 2001 legislature, all of the video gambling tax is deposited into the general fund.

Applicable Tax Rate(s):

License Fees

- Video Gambling Machine Permit - \$200 annually, \$25 machine transfer processing fee
- Video Gambling Manufacturer License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Distributor License - \$1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- Route Operator License - \$1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- Bingo/Keno Manufacture License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- Antique Slot Machine Seller Permit - \$50 annually
- Live Card Game Table - \$250 annually for the first table and \$500 for each additional table
- Card Game Dealer License - \$75 for the first year, \$25 for each subsequent year
- Pinochle Tournament Permit - \$25
- Card Room Contractor License - \$150 annually
- Bingo/Keno Permit - \$250 annually
- Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- Sports Tab Game Seller License - \$100 annually. An additional application fee is charged to cover processing costs of the initial application.
- Casino Night Permit - \$25

Gambling Taxes

- Video - 15.0% of gross income per video gambling machine
- Bingo/Keno – 1.0% of gross proceeds
- Sport Tabs - \$1.00 for each 100 sport tabs sold

Distribution:

License Fees

All license fee revenue is retained by DOJ to cover administrative costs, except for \$100 of the live card game table fee and \$100 of the video gambling machine permit fee. These amounts are statutorily appropriated for distribution to local governments.

Gambling Taxes

Video - All of video gambling tax receipts are deposited into the general fund.

Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.

Sport Tabs – All collections are retained by DOJ for administration purposes.

Legislative Fiscal Division

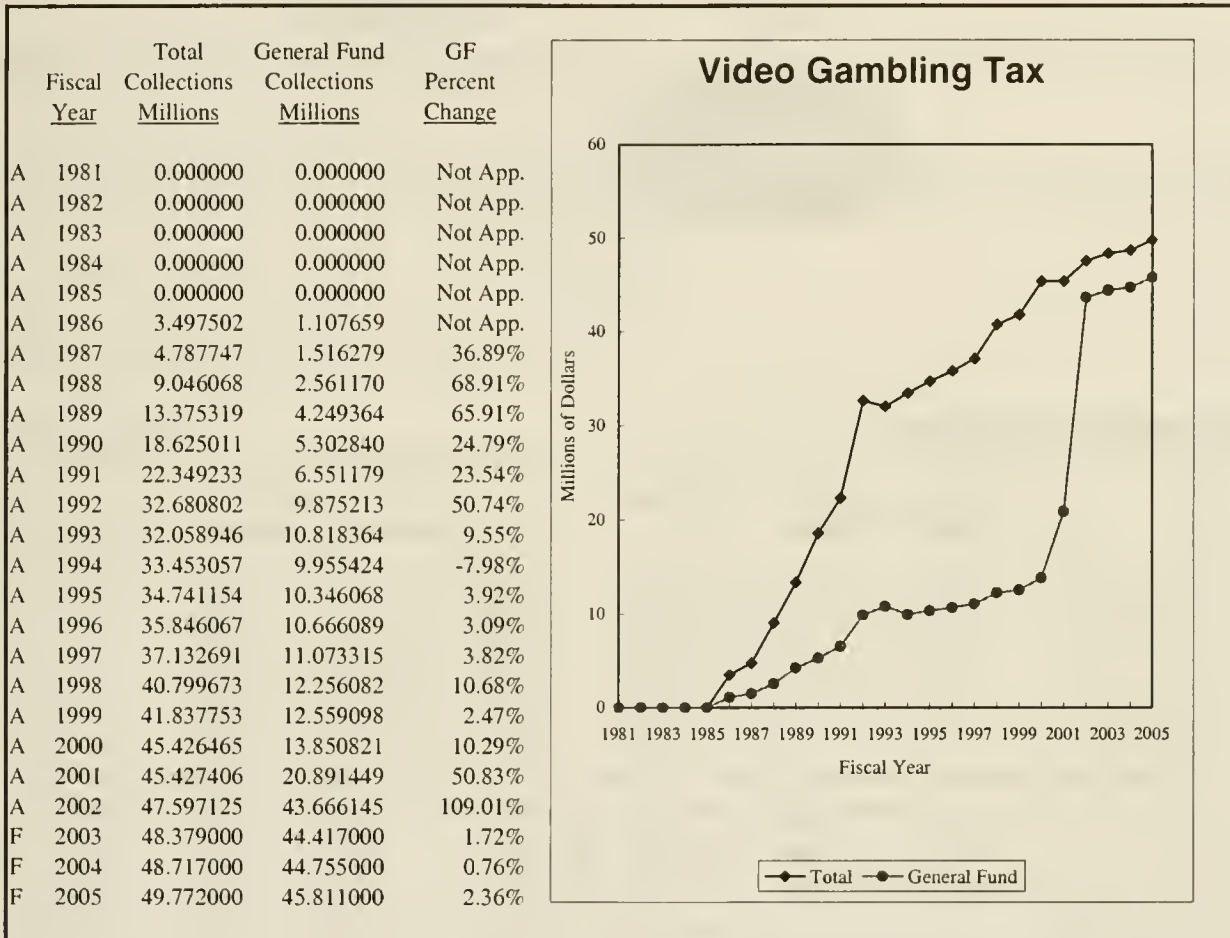
Revenue Estimate Profile

Video Gambling Tax

Statute: Title 23, Chapter 5, MCA

% of Total FY 2002 General Fund Revenue: 3.45%

Revenue Projection:



Forecast Methodology

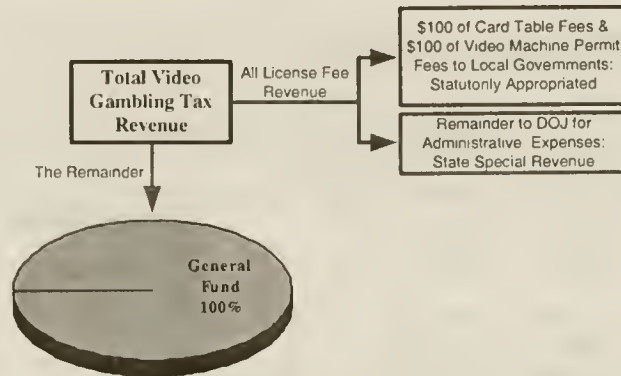


Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Distribution Methodology



Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Net Income	Net Income		
					Tax Rate	Tax Millions	Non GF Fee Millions
	Fiscal	Millions	Millions	Millions			
Actual	2000	45.426465	13.850821	269.776957	0.150000	41.431382	3.995083
Actual	2001	45.427406	20.891449	275.874070	0.150000	41.502013	3.925393
Actual	2002	47.597125	43.666145	290.307355	0.150000	43.668454	3.928671
Forecast	2003	48.379000	44.417000	296.113502	0.150000	44.417000	3.962000
Forecast	2004	48.717000	44.755000	302.035772	0.150000	44.755000	3.962000
Forecast	2005	49.772000	45.811000	308.076487	0.150000	45.811000	3.961000

	t	Annual	Tax	Tax	GF Percent
			Credits	Efficiencies	
	Fiscal	Growth Rate	Millions	Millions	Allocation
Actual	2000	0.067667	0.000000	0.000000	0.334307
Actual	2001	0.022601	0.000000	0.000000	0.503384
Actual	2002	0.052318	0.000000	0.000000	0.999840
Forecast	2003	0.020000	0.000000	0.000000	1.000000
Forecast	2004	0.020000	-0.550000	0.000000	1.000000
Forecast	2005	0.020000	-0.400000	0.000000	1.000000

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Revenue Description: A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

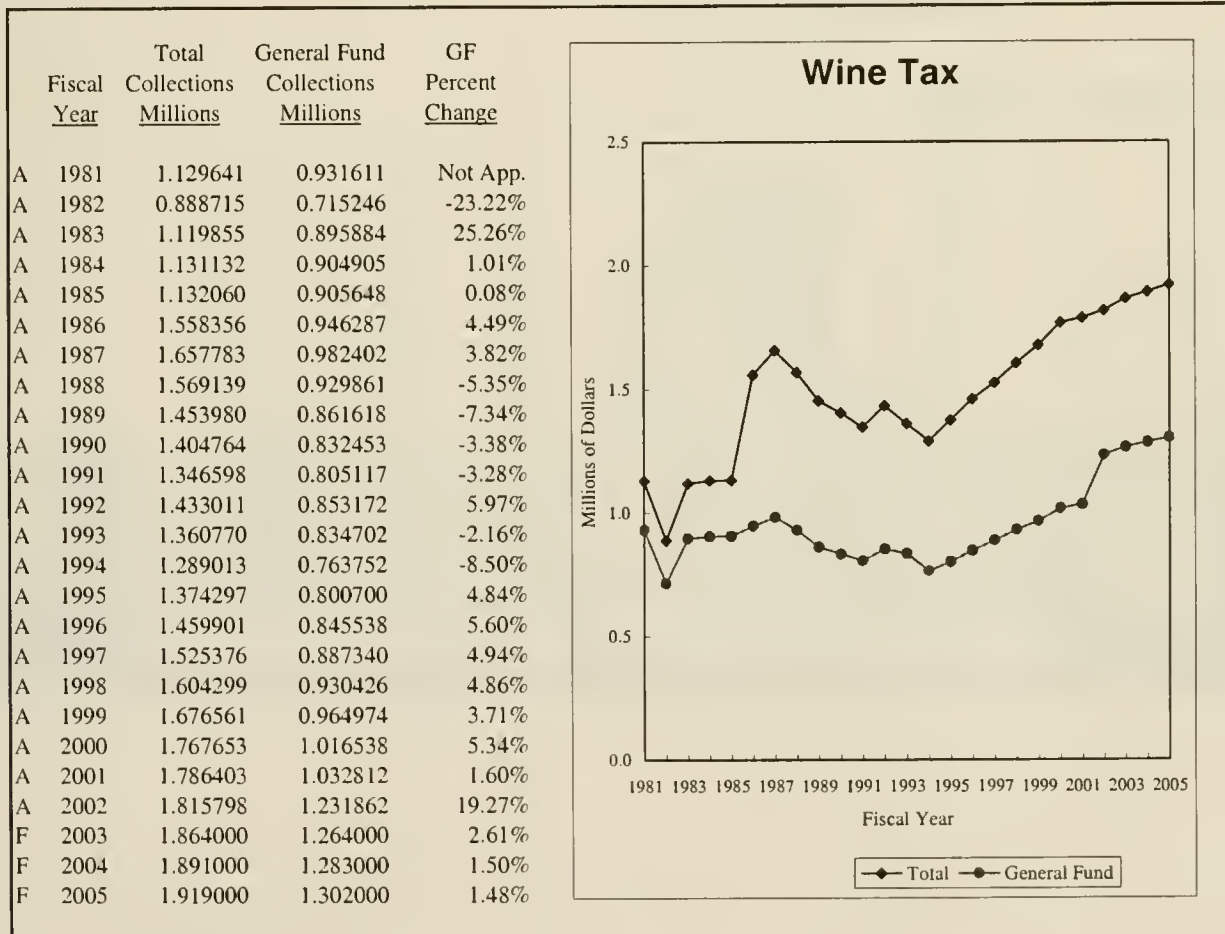
Applicable Tax Rate(s): A tax of \$0.27 is imposed per liter of wine and a tax of \$0.037 per liter is imposed on hard cider. An additional tax of \$0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

Distribution: The \$0.01 per liter tax is deposited into the general fund. Other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Statute: Title 16, Chapters 1 and 2, MCA

% of Total FY 2002 General Fund Revenue: 0.10%

Revenue Projection:

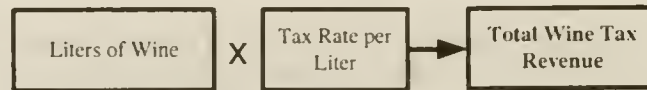


Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Liters</u>	<u>Tax Rate</u>	<u>GF Percent</u>	<u>Tribal</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Pcr Liter</u>	<u>Allocation</u>	<u>Millions</u>
Actual	2000	1.767653	1.016538	6.546863	0.270000	0.590200	0.026730
Actual	2001	1.786403	1.032812	6.616307	0.270000	0.590257	0.021624
Actual	2002	1.815798	1.231862	6.725178	0.270000	0.690186	0.021376
Forecast	2003	1.864000	1.264000	6.904972	0.270000	0.690000	0.022000
Forecast	2004	1.891000	1.283000	7.006805	0.270000	0.690000	0.022000
Forecast	2005	1.919000	1.302000	7.109331	0.270000	0.690000	0.022000

PROPERTY TAXES

Property Tax 55 Mill
Property Tax 40 Mill
Property Tax 6 Mill
Property Tax 1.5 Mill
Non Levy Revenue



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Description: Montana law requires counties to levy a county equalization levy of 55 mills against all taxable value in a county. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. Beginning January 1, 2003, livestock will no longer be taxed.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. In the 1997 legislative session, SB 195 forestalled large property tax increases by phasing in the new reappraisal values at 2 percent per year, and phasing down tax rates over 50 years. These provisions were in effect for two years. After these provisions were struck down by the Montana Supreme Court, SB 184, passed during the 1999 session, required that appraised values be phased-in over four years, and required that future reappraisal cycles be six years. At the same time, a homestead exemption was created and phased-in for residential and commercial real estate. Tax rates for residential and commercial real estate, agricultural land and timberland were phased-down.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland will reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of reappraisal on assessed values is unknown at this time. Tax rates and the homestead exemptions for tax years 2003 and beyond are frozen at their tax year 2002 levels and require legislation to be changed.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax, coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university.

Statute: Title 15, Chapter 6, MCA

% of Total FY 2002 General Fund Revenue: 0.00 %

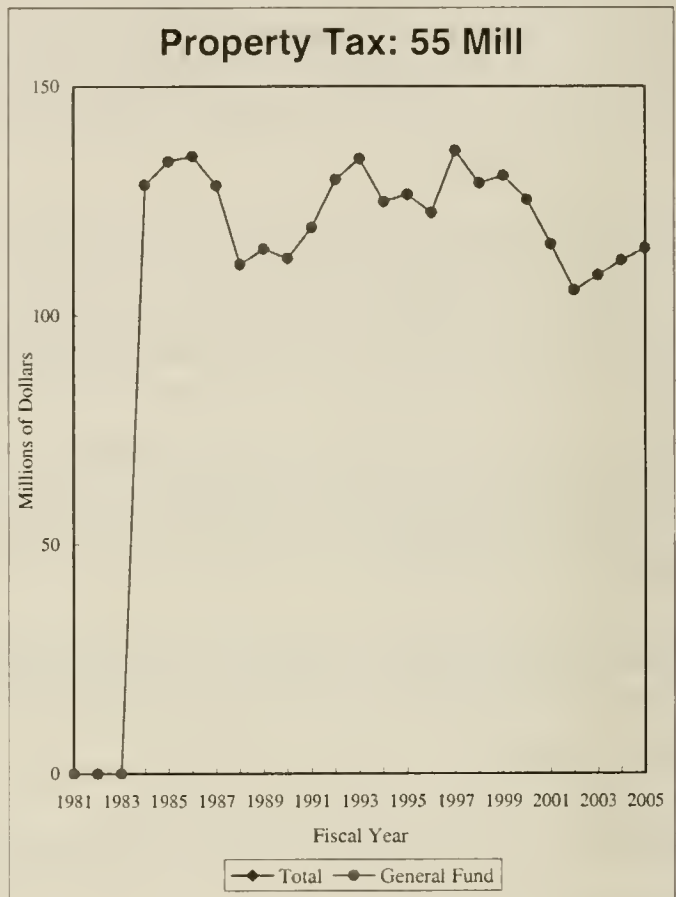
Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Projection:

Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A 1981	0.000000	0.000000	Not App.
A 1982	0.000000	0.000000	Not App.
A 1983	0.000000	0.000000	Not App.
A 1984	128.445172	128.445172	Not App.
A 1985	133.608178	133.608178	4.02%
A 1986	134.707251	134.707251	0.82%
A 1987	128.225413	128.225413	-4.81%
A 1988	111.111138	111.111138	-13.35%
A 1989	114.444609	114.444609	3.00%
A 1990	112.374543	112.374543	-1.81%
A 1991	119.161125	119.161125	6.04%
A 1992	129.526346	129.526346	8.70%
A 1993	134.154928	134.154928	3.57%
A 1994	124.696589	124.696589	-7.05%
A 1995	126.265989	126.265989	1.26%
A 1996	122.329028	122.329028	-3.12%
A 1997	135.893657	135.893657	11.09%
A 1998	128.708743	128.708743	-5.29%
A 1999	130.388345	130.388345	1.30%
A 2000	125.145645	125.145645	-4.02%
A 2001	115.454627	115.454627	-7.74%
A 2002	105.375801	105.375801	-8.73%
F 2003	108.636000	108.636000	3.09%
F 2004	111.862000	111.862000	2.97%
F 2005	114.598000	114.598000	2.45%

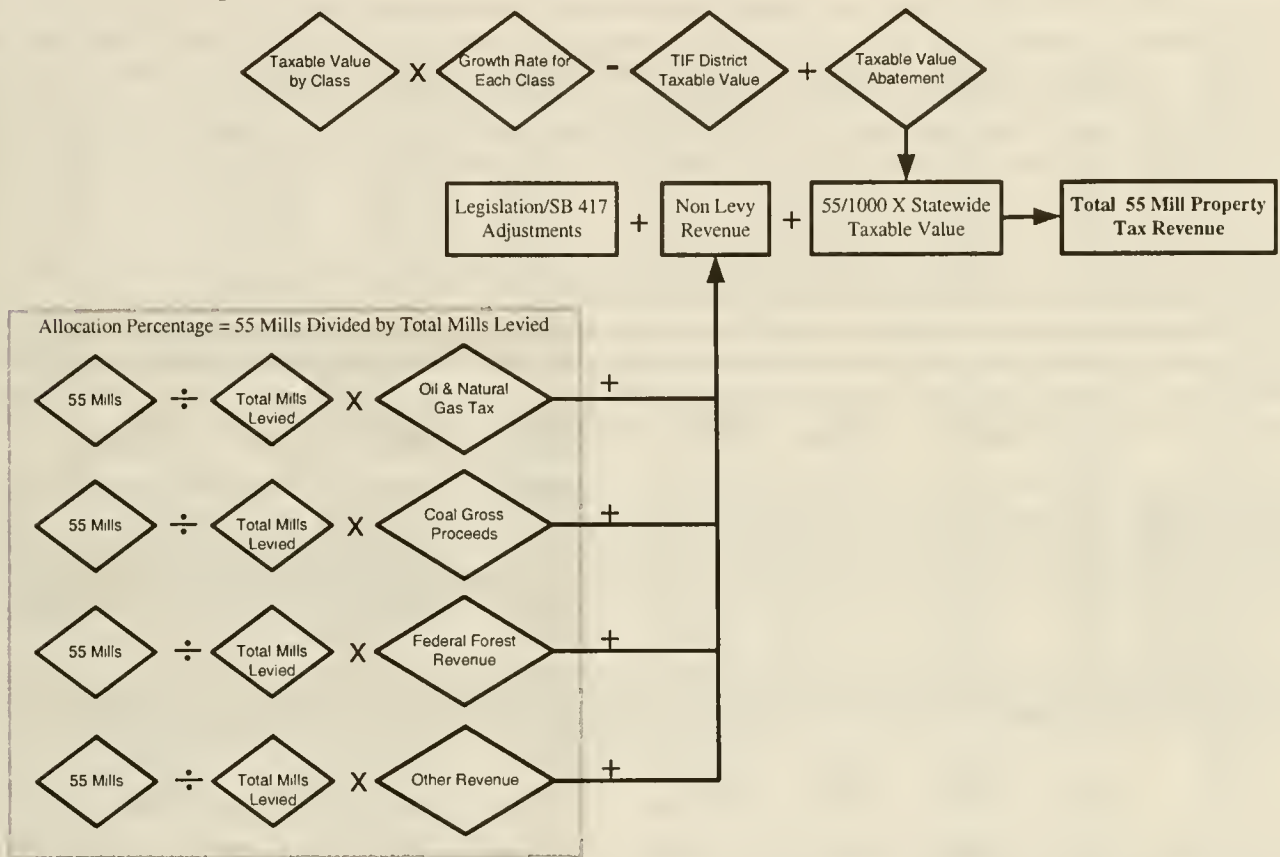


Legislative Fiscal Division

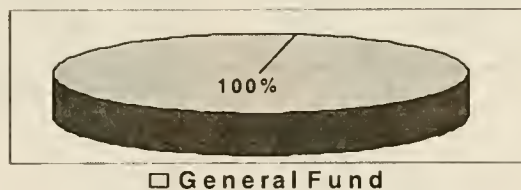
Revenue Estimate Profile

Property Tax: 55 Mill

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Estimate Assumptions

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Tax. Value</u> <u>Millions</u>	<u>Mills/1000</u> <u>Applied</u>	<u>Non-Levy</u> <u>Millions</u>	<u>Adjustments</u> <u>Millions</u>
Actual	2000	125.145645	125.145645	1863.986815	0.055000	23.445540	0.274000
Actual	2001	115.454627	115.454627	1656.909416	0.055000	16.482000	4.933824
Actual	2002	105.375801	105.375801	1671.589714	0.055000	16.144000	0.000000
Forecast	2003	108.636000	108.636000	1691.085799	0.055000	16.056000	-0.430000
Forecast	2004	111.862000	111.862000	1737.421082	0.055000	16.734000	-0.430000
Forecast	2005	114.598000	114.598000	1790.114905	0.055000	16.572000	-0.430000

	<u>t</u> <u>Fiscal</u>	<u>Class 1</u> <u>Millions</u>	<u>Class 2</u> <u>Millions</u>	<u>Class 3</u> <u>Millions</u>	<u>Class 4</u> <u>Millions</u>	<u>Class 5</u> <u>Millions</u>	<u>Class 6</u> <u>Millions</u>	<u>Class 7</u> <u>Millions</u>
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Forecast	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	3.823687	0.216414
Forecast	2004	8.691402	8.753474	138.483395	1042.988900	36.372900	0.000000	0.254936
Forecast	2005	8.691402	8.478781	138.067945	1084.708456	37.391341	0.000000	0.300315

	<u>t</u> <u>Fiscal</u>	<u>Class 8</u> <u>Millions</u>	<u>Class 9</u> <u>Millions</u>	<u>Class 10</u> <u>Millions</u>	<u>Class 12</u> <u>Millions</u>	<u>Class 13</u> <u>Millions</u>	<u>TIF's</u> <u>Millions</u>	<u>Abatement</u> <u>Millions</u>
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Forecast	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Forecast	2003	120.057884	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Forecast	2004	124.620084	210.487325	7.496843	47.896340	139.928544	32.423061	3.870000
Forecast	2005	129.355647	214.697072	7.561841	48.393504	142.727115	34.128514	3.870000

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Description: Montana law requires counties to levy a state equalization levy of 40 mills against all taxable value in the state. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. Beginning January 1, 2003, livestock will no longer be taxed.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. In the 1997 legislative session, SB 195 forestalled large property tax increases by phasing in the new reappraisal values at 2 percent per year, and phasing down tax rates over 50 years. These provisions were in effect for two years. After these provisions were struck down by the Montana Supreme Court, SB 184, passed during the 1999 session, required that appraised values be phased-in over four years, and required that future reappraisal cycles be six years. At the same time, a homestead exemption was created and phased-in for residential and commercial real estate. Tax rates for residential and commercial real estate, agricultural land and timberland were phased-down.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland will reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of reappraisal on assessed values is unknown at this time. Tax rates and the homestead exemptions for tax years 2003 and beyond are frozen at their tax year 2002 levels and require legislation to be changed.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax, coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university and welfare levy.

Statute: Title 15, Chapter 6, MCA

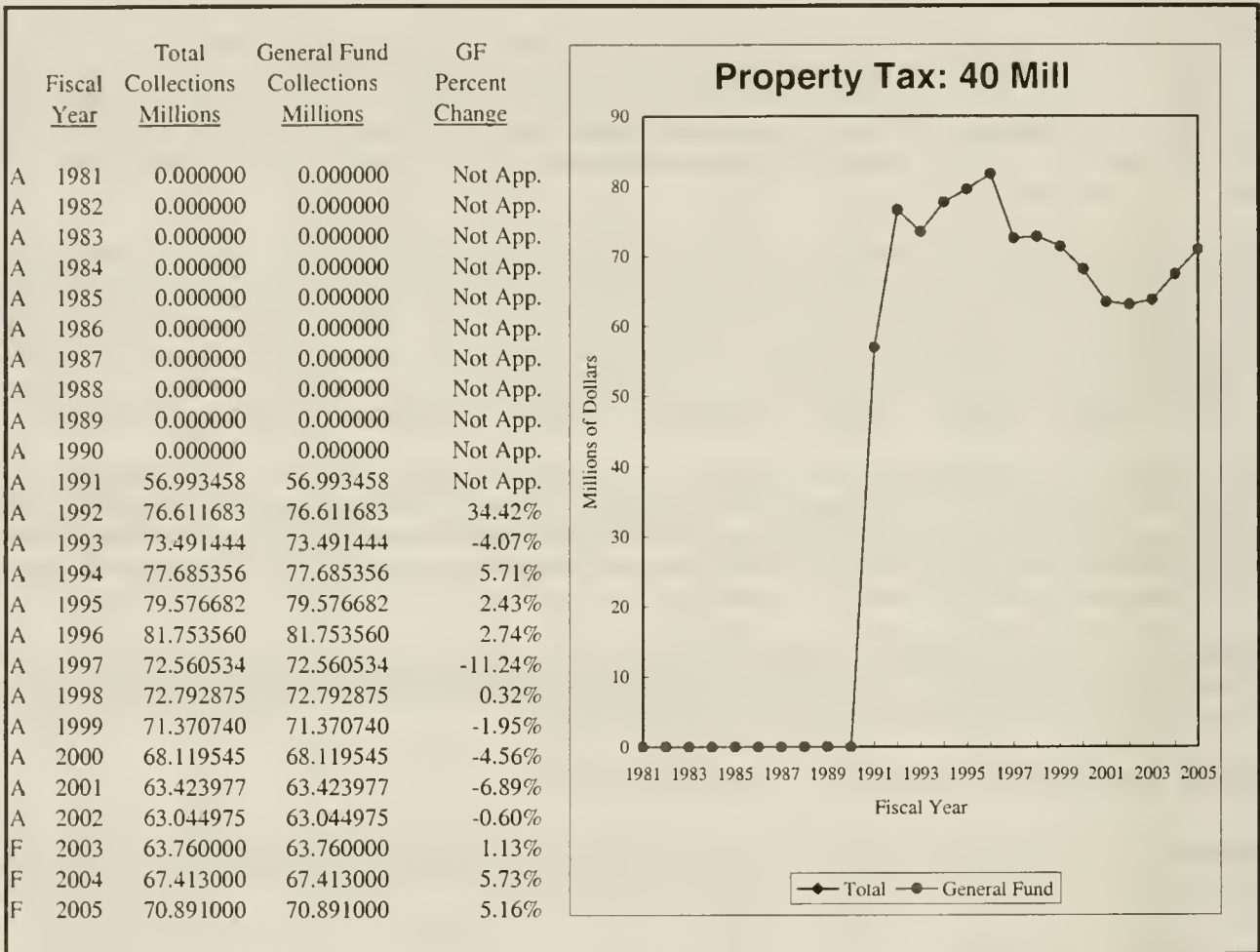
% of Total FY 2002 General Fund Revenue: 13.38 %

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Projection:

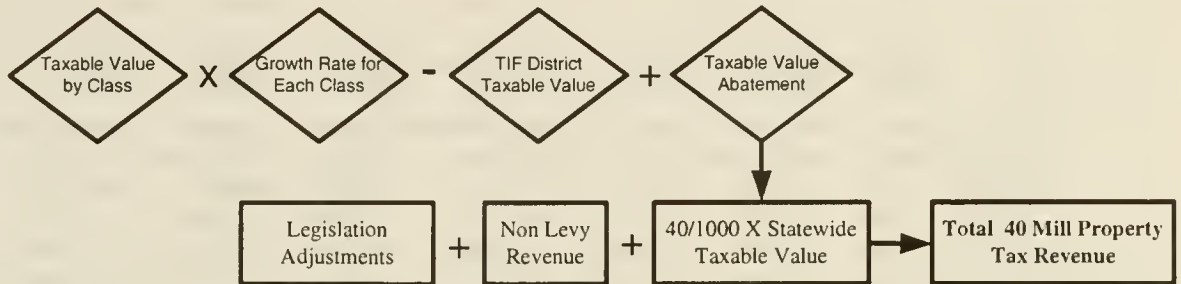


Legislative Fiscal Division

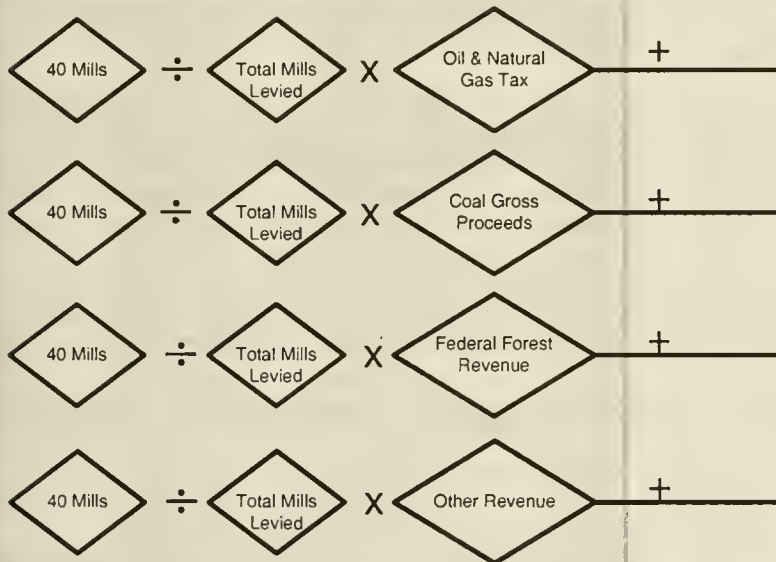
Revenue Estimate Profile

Property Tax: 40 Mill

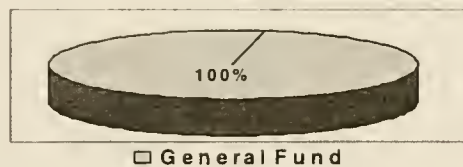
Forecast Methodology



Allocation Percentage = 40 Mills Divided by Total Mills Levied



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	68.119545	68.119545	1863.986815	0.040000	10.810197	-12.712919
Actual	2001	63.423977	63.423977	1656.909416	0.040000	5.251000	-11.300000
Actual	2002	63.044975	63.044975	1671.589714	0.040000	4.650000	-9.888000
Forecast	2003	63.760000	63.760000	1691.085799	0.040000	4.592000	-8.475000
Forecast	2004	67.413000	67.413000	1737.421082	0.040000	4.979000	-7.063000
Forecast	2005	70.891000	70.891000	1790.114905	0.040000	4.936000	-5.650000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Forecast	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	3.823687	0.216414
Forecast	2004	8.691402	8.753474	138.483395	1042.988900	36.372900	0.000000	0.254936
Forecast	2005	8.691402	8.478781	138.067945	1084.708456	37.391341	0.000000	0.300315

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	215.7480920	498.0302370	8.5200900	68.1925880	0.0000000	44.5355770	7.8747870
Actual	2001	112.7827340	230.8329780	8.7088490	49.6414440	147.1427500	28.4288400	7.8747870
Forecast	2002	116.6052090	219.9557670	8.1987880	48.6583800	144.4880950	30.5295630	3.8798300
Forecast	2003	120.0578840	206.3601230	7.1702390	46.6884790	137.1848470	30.8028320	3.8700000
Forecast	2004	124.6200840	210.4873250	7.4968430	47.8963400	139.9285440	32.4230610	3.8700000
Forecast	2005	129.3556470	214.6970720	7.5618410	48.3935040	142.7271150	34.1285140	3.8700000

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Description: Montana law requires counties to levy a University levy of 6 mills against all taxable value in a county for use by the university system. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. Beginning January 1, 2003, livestock will no longer be taxed.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. In the 1997 legislative session, SB 195 forestalled large property tax increases by phasing in the new reappraisal values at 2 percent per year, and phasing down tax rates over 50 years. These provisions were in effect for two years. After these provisions were struck down by the Montana Supreme Court, SBI84, passed during the 1999 session, required that appraised values be phased-in over four years, and required that future reappraisal cycles be six years. At the same time, a homestead exemption was created and phased-in for residential and commercial real estate. Tax rates for residential and commercial real estate, agricultural land and timberland were phased-down.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland will reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of reappraisal on assessed values is unknown at this time. Tax rates and the homestead exemptions for tax years 2003 and beyond are frozen at their tax year 2002 levels and require legislation to be changed.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax, coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university.

Statute: Title 15, Chapter 6, MCA

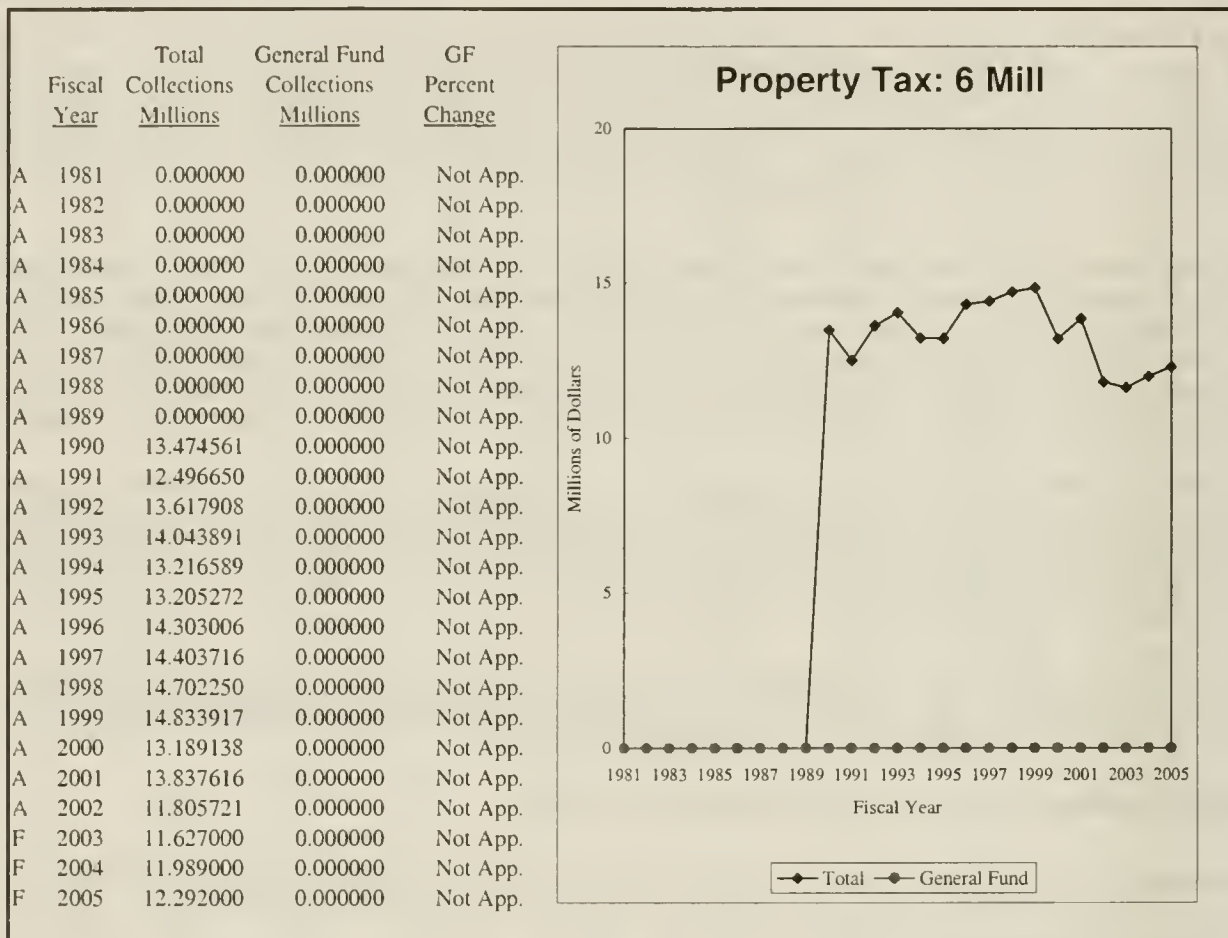
% of Total FY 2002 General Fund Revenue: 0.00 %

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Projection:

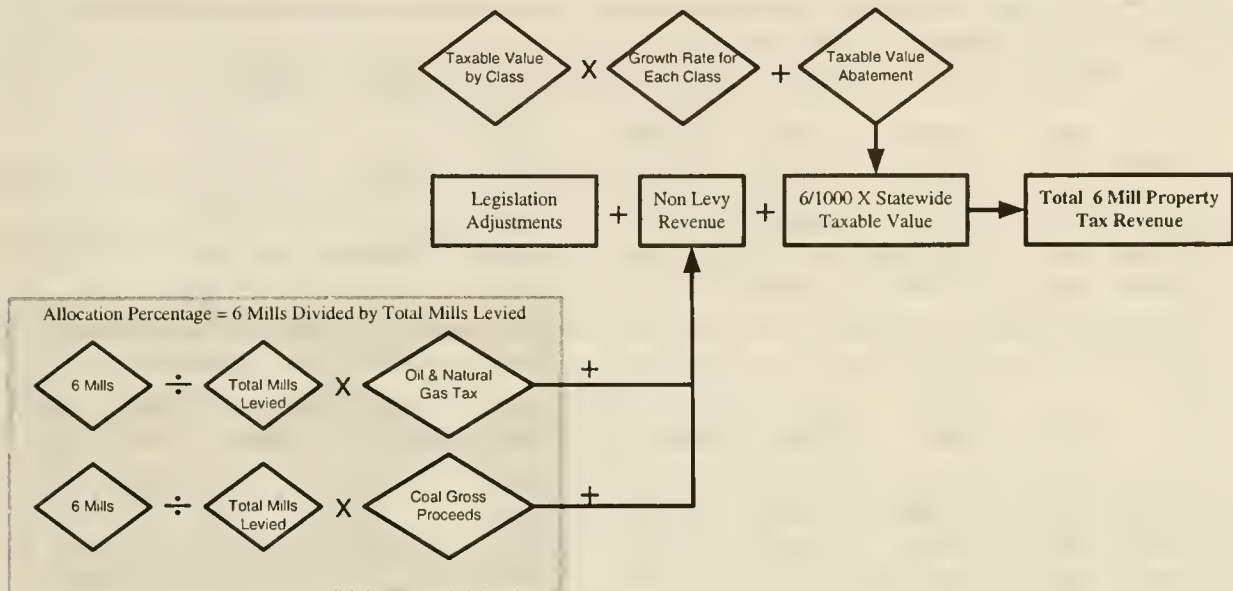


Legislative Fiscal Division

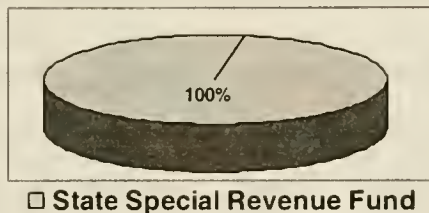
Revenue Estimate Profile

Property Tax: 6 Mill

Forecast Methodology



Distribution Methodology



□ State Special Revenue Fund

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	13.189138	0.000000	1900.647605	0.006000	2.584415	0.000000
Actual	2001	13.837616	0.000000	1677.463469	0.006000	1.758000	0.657843
Actual	2002	11.805721	0.000000	1698.239447	0.006000	1.579000	0.000000
Forecast	2003	11.627000	0.000000	1718.018631	0.006000	1.319000	0.000000
Forecast	2004	11.989000	0.000000	1765.974143	0.006000	1.393000	0.000000
Forecast	2005	12.292000	0.000000	1820.373419	0.006000	1.370000	0.000000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Forecast	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	3.823687	0.216414
Forecast	2004	8.691402	8.753474	138.483395	1042.988900	36.372900	0.000000	0.254936
Forecast	2005	8.691402	8.478781	138.067945	1084.708456	37.391341	0.000000	0.300315

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Forecast	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Forecast	2003	120.057884	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Forecast	2004	124.620084	210.487325	7.496843	47.896340	139.928544	32.423061	3.870000
Forecast	2005	129.355647	214.697072	7.561841	48.393504	142.727115	34.128514	3.870000

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Description: Beginning in fiscal 1997, statute requires the boards of county commissioners in the five counties where colleges of technology reside, to levy 1.5 mills for deposit in the state general fund. This revenue component used to include collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. HB 124, passed during the 2001 legislative session, eliminated distribution of nonlevy sources to the 1.5 mill levy.

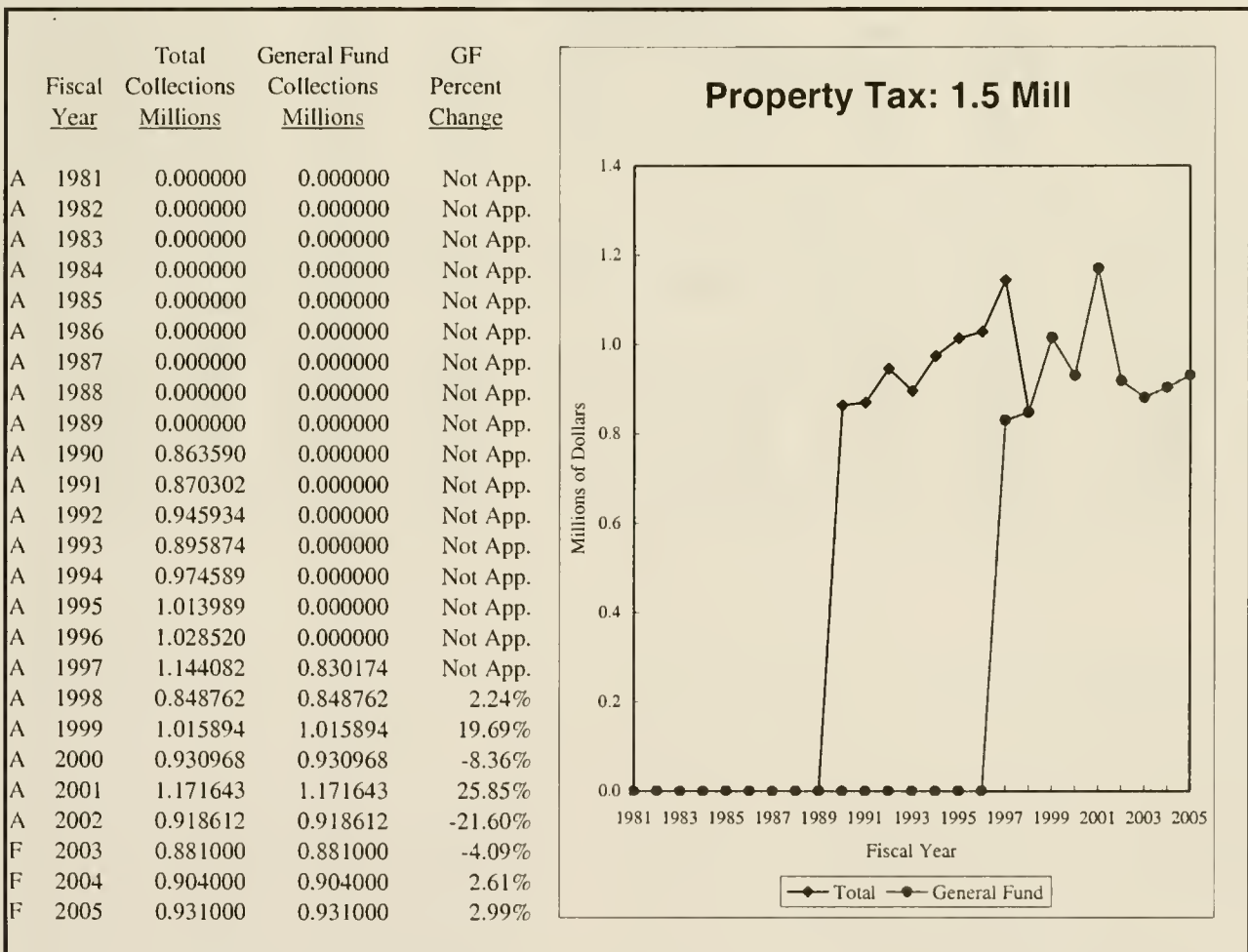
Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university.

Statute: Title 15, Chapter 6, MCA

% of Total FY 2002 General Fund Revenue: 0.00 %

Revenue Projection:

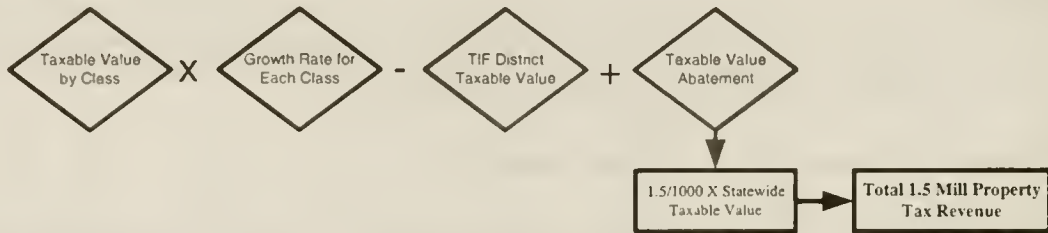


Legislative Fiscal Division

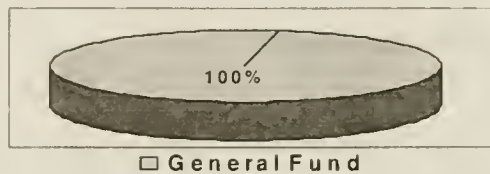
Revenue Estimate Profile

Property Tax: 1.5 Mill

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.930968	0.930968	618.047161	0.001500	0.121110	0.000000
Actual	2001	1.171643	1.171643	552.853841	0.001500	0.126000	0.038500
Actual	2002	0.918612	0.918612	563.452494	0.001500	0.020000	0.033688
Forecast	2003	0.881000	0.881000	587.106955	0.001500	0.000000	0.000000
Forecast	2004	0.904000	0.904000	602.780774	0.001500	0.000000	0.000000
Forecast	2005	0.931000	0.931000	620.676746	0.001500	0.000000	0.000000

	<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Forecast	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	3.823687	0.216414
Forecast	2004	8.691402	8.753474	138.483395	1042.988900	36.372900	0.000000	0.254936
Forecast	2005	8.691402	8.478781	138.067945	1084.708456	37.391341	0.000000	0.300315

	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Forecast	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Forecast	2003	120.057884	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Forecast	2004	124.620084	210.487325	7.496843	47.896340	139.928544	32.423061	3.870000
Forecast	2005	129.355647	214.697072	7.561841	48.393504	142.727115	34.128514	3.870000

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

Non Levy Revenue includes federal forest receipts, oil and gas revenue, coal gross proceeds revenue, and other revenue which is distributed to statewide and local mills in each county. Before July 1, 2001, vehicle fees in lieu of taxes, financial institution taxes, and reimbursements from the state were non levy revenue. The mills to which non levy revenue is distributed are unique for each county and each non levy revenue source. The state's portion of non levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

FEDERAL FOREST RECEIPTS

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal fiscal year 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25 percent of the federal forest receipts and sent the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described below.

Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner. Not more than 20% and not less than 15% is distributed to county government for special projects on federal land. Of the remainder:

- 66 2/3% goes to the general fund of the county
- 33 1/3% goes to the following countywide accounts, based on the mill ratios of each to total mills in the prior year: county equalization accounts (55 mills), county transportation account, county retirement accounts

Statute: Title 17, Chapter 3, MCA

% of Total FY 2002 General Fund Revenue: Included in total property tax contribution.

COAL GROSS PROCEEDS TAX

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent on the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year's worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

Applicable Tax Rate(s): The amount of tax due is 5.0 percent of the value of production as measured by the contract sales price for production in the preceding calendar year.

Distribution: The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills.

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year.

Statute: Title 15, Chapter 23, Part 7, MCA

% of Total FY 2002 General Fund Revenue: Included in total property tax contribution.

OIL & NATURAL GAS PRODUCTION TAXES

Revenue Description: The oil production tax is imposed on the production of petroleum and other mineral or crude oil in the state. The natural gas production tax is imposed on the production of natural gas in the state. The revenue from these taxes is submitted to the state, from which the state draws its share for distribution to the general fund, the resource indemnity trust and the Oil and Gas Conservation Board (See *Oil Production Tax* and *Natural Gas Production Tax*). The remaining share is for local distribution and is sent to the county treasurer in the counties in which the production occurred. A portion of the local share is distributed to the statewide mill levies.

Applicable Tax Rate(s): The oil and natural gas production taxes have numerous tax rates and distribution percentages depending on several factors. These factors include whether the oil or natural gas is produced from a stripper well, a horizontal well, an incentive well, from a well initially drilled before July 1, 1999 or after, from a well newly drilled within the last year or 18 months, and whether the interest being taxed is the working interest or the royalty interest.

Distribution: The local share of the oil and gas production tax is distributed by the county treasurer based on the relative proportions of mill levies for the state, counties, and school districts. The distribution of 5 percent of the revenue from pre-99 wells is based on the mill ratios that existed in fiscal 1990 (which did not include the 40 mills). The distribution of the remaining revenue from pre-99 wells and all the revenue from post-99 wells is distributed on mill ratios that existed in the previous fiscal year.

Statute: Title 15, Chapter 36, MCA

% of Total FY 2002 General Fund Revenue: Included in total property tax contribution.

OTHER REVENUE

Revenue Description:

The county equalization account receives other revenue in addition to the types listed elsewhere. These include penalties and interest, back taxes, investment earnings, recreational fees, tax title and property sales, various state grants and fees, district court fines, county rents and lease income, and various revenue from federal sources such as PILT, Taylor Grazing and Bankhead Jones payments.

Applicable Tax Rate(s): N/A

Distribution: Varies

Statute: Various

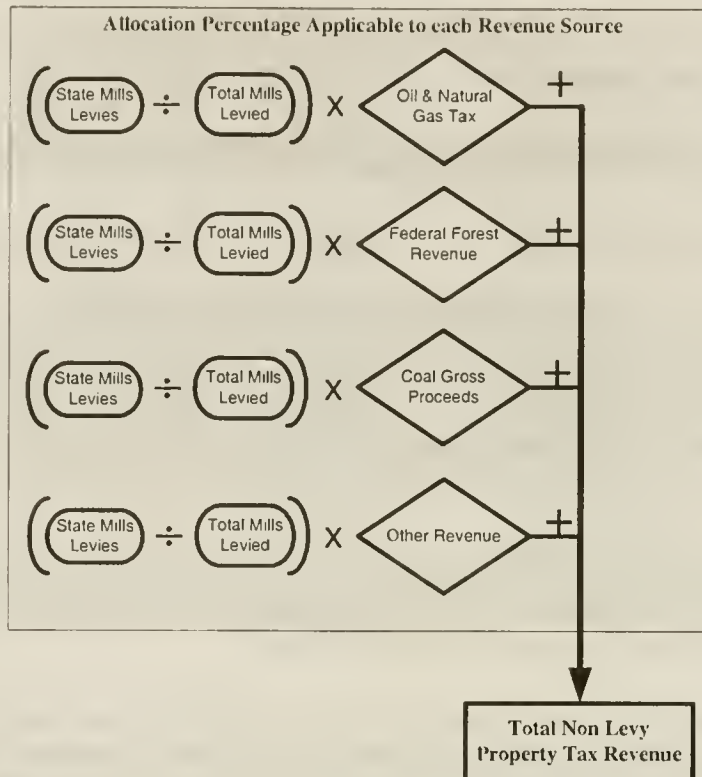
% of Total FY 2002 General Fund Revenue: Included in total property tax contribution.

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

Forecast and Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

Revenue Estimate Assumptions

	t	Total Tax	40 Mill	55 Mill	6 Mill	9 Mill	1.5 Mill	Total State
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	143.879919	10.810197	23.445540	2.584415	0.860822	0.121110	37.822084
Actual	2001	137.612440	5.250599	16.481593	1.758272	0.177330	0.126396	23.794190
Actual	2002	73.008398	4.649510	16.144329	1.578894	0.000000	0.020201	22.392934
Forecast	2003	72.739326	4.591890	16.055907	1.319162	0.000000	0.000000	21.966959
Forecast	2004	75.655875	4.979180	16.733513	1.392957	0.000000	0.000000	23.105650
Forecast	2005	74.287102	4.936210	16.571961	1.369748	0.000000	0.000000	22.877919

	t	Corporate	Vehicle	Oil	Gas	Coal
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	8.406195	68.580047	23.112140	12.581713	10.785058
Actual	2001	0.000000	62.172220	25.583242	18.520482	11.330157
Actual	2002	0.000000	0.000000	22.141449	17.446846	10.470137
Forecast	2003	0.000000	0.000000	40.654094	0.000000	10.328402
Forecast	2004	0.000000	0.000000	44.513881	0.000000	10.506798
Forecast	2005	0.000000	0.000000	44.564994	0.000000	10.201349

	t	Other	PPR	Forest	Other
	<u>Fiscal</u>	<u>Vehicles</u> <u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	11.559045	6.283122	2.572599
Actual	2001	0.000000	10.274706	7.185037	2.546596
Actual	2002	0.000000	8.990368	11.400000	2.559598
Forecast	2003	0.000000	7.706030	11.491202	2.559598
Forecast	2004	0.000000	6.421692	11.653906	2.559598
Forecast	2005	0.000000	5.137353	11.823808	2.559598

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

<u>Corporate</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	1.148824	0.000000	0.072211	0.010388
Actual	2001	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2002	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2004	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2005	0.000000	0.000000	0.000000	0.000000	0.000000

<u>Vehicle</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	6.816308	9.372424	1.022460	0.589115	0.084749
Actual	2001	0.000000	0.000000	0.000000	0.000000	0.103309
Actual	2002	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2004	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2005	0.000000	0.000000	0.000000	0.000000	0.000000

<u>Other</u> <u>Vehicle</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2001	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2002	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2004	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2005	0.000000	0.000000	0.000000	0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

<u>Oil & Gas</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	3.993889	5.897507	0.653196	0.000000	0.000000
Actual	2001	5.250599	7.721138	0.854483	0.000000	0.000000
Actual	2002	4.649510	6.843304	0.757447	0.000000	0.000000
Forecast	2003	4.591890	6.776192	0.750418	0.000000	0.000000
Forecast	2004	4.979180	7.352596	0.814390	0.000000	0.000000
Forecast	2005	4.936210	7.294105	0.808001	0.000000	0.000000

<u>Coal</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	4.454186	0.593890	0.000000	0.000000
Actual	2001	0.000000	4.679310	0.623906	0.000000	0.000000
Actual	2002	0.000000	4.324125	0.576549	0.000000	0.000000
Forecast	2003	0.000000	4.265589	0.568744	0.000000	0.000000
Forecast	2004	0.000000	4.339266	0.578567	0.000000	0.000000
Forecast	2005	0.000000	4.213116	0.561747	0.000000	0.000000

<u>Pers.</u> <u>Property</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	0.000000	0.314869	0.199496	0.025973
Actual	2001	0.000000	0.000000	0.279883	0.177330	0.023087
Actual	2002	0.000000	0.000000	0.244898	0.000000	0.020201
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2004	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2005	0.000000	0.000000	0.000000	0.000000	0.000000

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

<u>Forest</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Actual	2001	0.000000	1.534549	0.000000	0.000000	0.000000
Actual	2002	0.000000	2.417302	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.454528	0.000000	0.000000	0.000000
Forecast	2004	0.000000	2.482053	0.000000	0.000000	0.000000
Forecast	2005	0.000000	2.505142	0.000000	0.000000	0.000000

<u>Other</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	2.572599	0.000000	0.000000	0.000000
Actual	2001	0.000000	2.546596	0.000000	0.000000	0.000000
Actual	2002	0.000000	2.559598	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.559598	0.000000	0.000000	0.000000
Forecast	2004	0.000000	2.559598	0.000000	0.000000	0.000000
Forecast	2005	0.000000	2.559598	0.000000	0.000000	0.000000

OTHER GENERAL FUND REVENUE

All Other Revenue
Highway Patrol Fines
Nursing Facilities Fee
Public Institution Reimbursements
Tobacco Settlement



Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making meaningful comparison between tax years impractical and accurate estimation of the revenue difficult.

“All Other Revenue” sources are estimated in aggregate except for the following: investment license transfers, civil fines, single state registration system fees, lodging facility use tax, Montana University System debt service deposits, and deposits by state agencies for SABHRS debt service. In the past, wildfire cost reimbursements had been included in the revenue source, but beginning in fiscal 2003 they are now deposited to the federal special revenue fund.

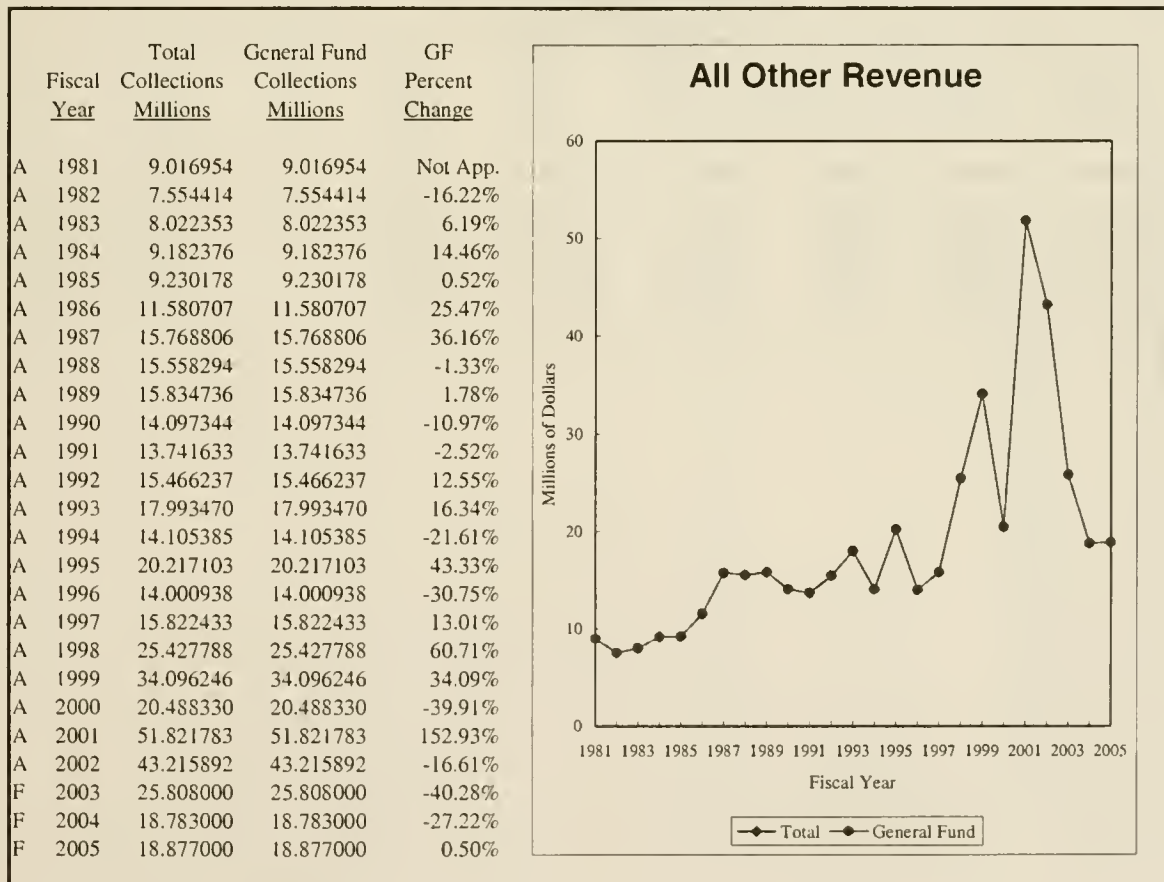
Applicable Tax Rate(s): Various

Distribution: “All Other Revenue” is deposited in the general fund.

Statute: Various

% of Total FY 2002 General Fund Revenue: 3.35%

Revenue Projection:

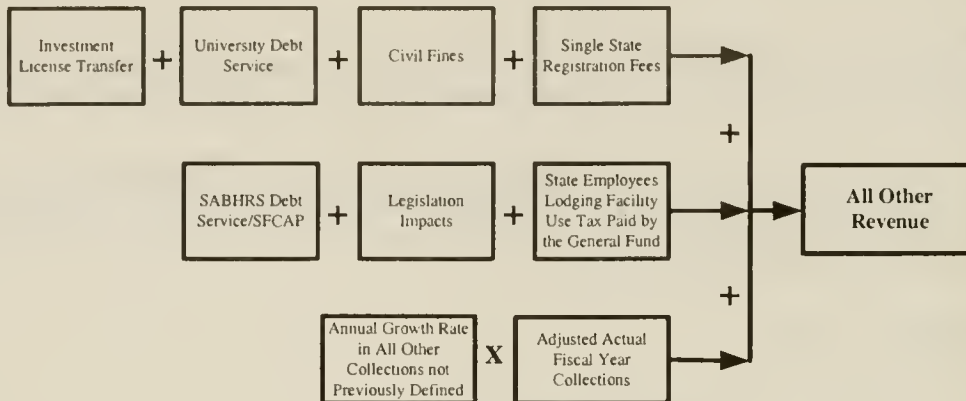


Legislative Fiscal Division

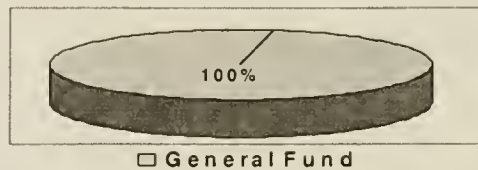
Revenue Estimate Profile

All Other Revenue

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Base	Annual	Adjustments
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>	<u>Millions</u>
Actual	2000	20.488330	20.488330	11.125862	-8.9735%	
Actual	2001	51.821783	51.821783	11.876710	6.7487%	
Actual	2002	43.215892	43.215892	8.420755	-29.0986%	1.162288
Forecast	2003	25.808000	25.808000	8.420755	0.0000%	6.299000
Forecast	2004	18.783000	18.783000	8.420755	0.0000%	1.072175
Forecast	2005	18.877000	18.877000	8.420755	0.0000%	0.660880

		Investment				MSU&EMC	SABHRS
	t	Transfer	Land Grant	Civil Fines	GVW Fees	Accom. Tax	Debt
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693
Actual	2001	2.445000	0.091699	0.484739	1.252221	0.052215	0.837170
Actual	2002	2.179165	0.000000	0.749382	1.044512	0.038912	0.839583
Forecast	2003	2.292000	0.000000	0.542723	1.045000	0.040676	0.838186
Forecast	2004	2.317000	0.000000	0.533656	1.045000	0.042520	0.837743
Forecast	2005	2.342000	0.000000	0.520373	1.045000	0.044449	0.833016

	t	FEMA	Coal	SFCAP	Liquor License	District	Bank
	<u>Fiscal</u>	<u>Millions</u>	<u>Transfer</u>	<u>SABHRS</u>	<u>Transfer</u>	<u>Court</u>	<u>Charges</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	0.577083	0.000000	0.000000	0.000000
Actual	2001	31.097802	0.611432	0.582728	0.000000	0.000000	0.000000
Actual	2002	23.246341	0.623227	0.629046	1.036184	0.000000	0.777640
Forecast	2003	0.000000	0.000000	0.661307	0.899752	1.940363	0.777640
Forecast	2004	0.000000	0.000000	0.898875	0.839455	1.998574	0.777640
Forecast	2005	0.000000	0.000000	1.310170	0.841095	2.058531	0.800969

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. Fines and forfeitures associated with these citations are collected by various state and local courts.

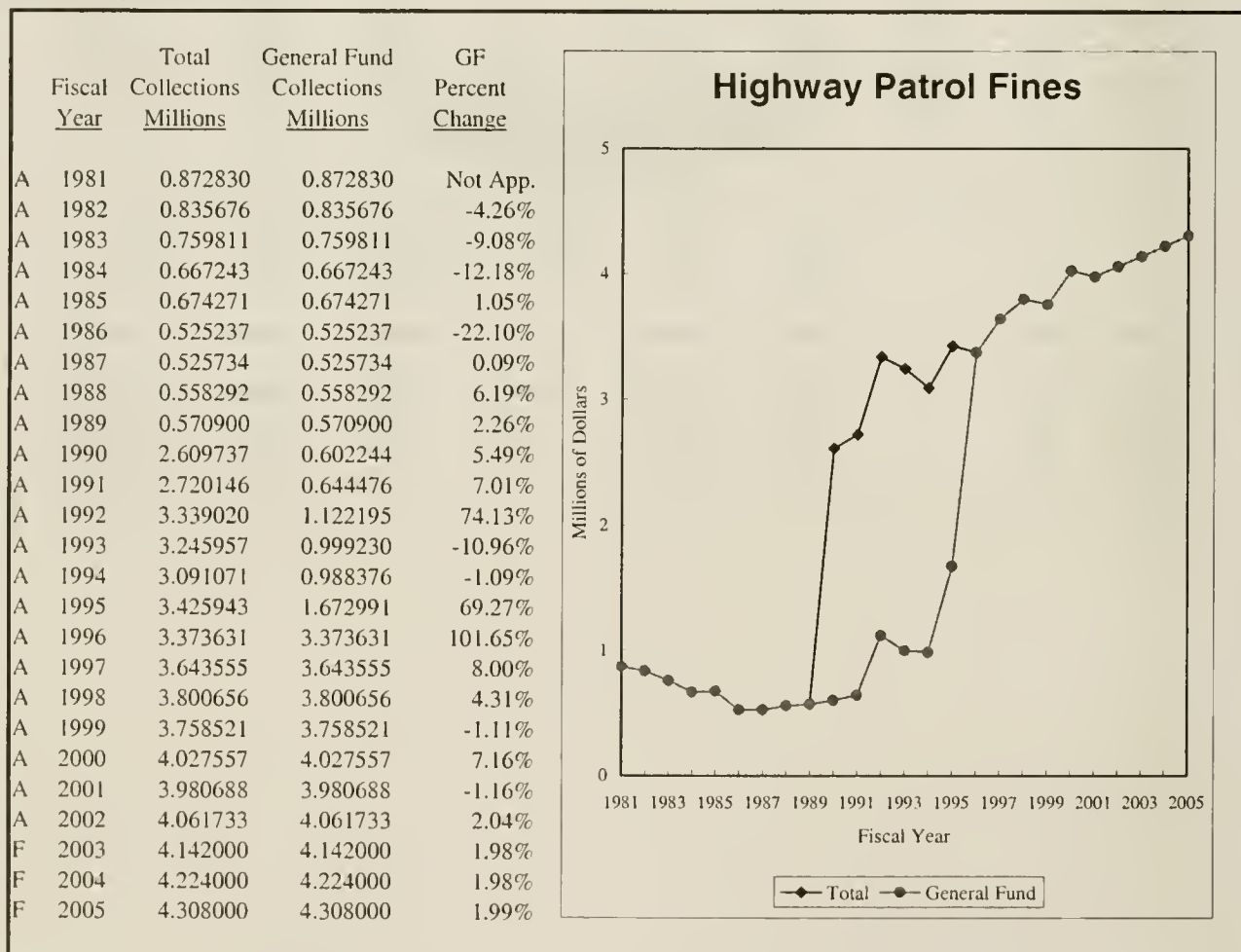
Applicable Tax Rate(s): N/A

Distribution: Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justice's court, are deposited in the general fund.

Statute: Title 61, Chapters 8 and 12; Title 53, Chapter 9, MCA

% of Total FY 2002 General Fund Revenue: 0.32%

Revenue Projection:

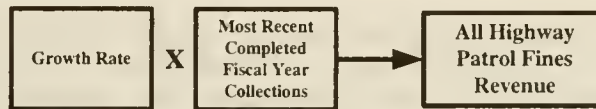


Legislative Fiscal Division

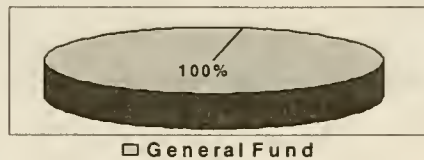
Revenue Estimate Profile

Highway Patrol Fines

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Fine</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth Rate</u>
Actual	2000	4.027557	4.027557	0.071580
Actual	2001	3.980688	3.980688	-0.011637
Actual	2002	4.061733	4.061733	0.020360
Forecast	2003	4.142000	4.142000	0.019786
Forecast	2004	4.224000	4.224000	0.019786
Forecast	2005	4.308000	4.308000	0.019786

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Revenue Description: Qualified nursing facilities are required to pay a utilization fee of \$2.80 per bed day. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

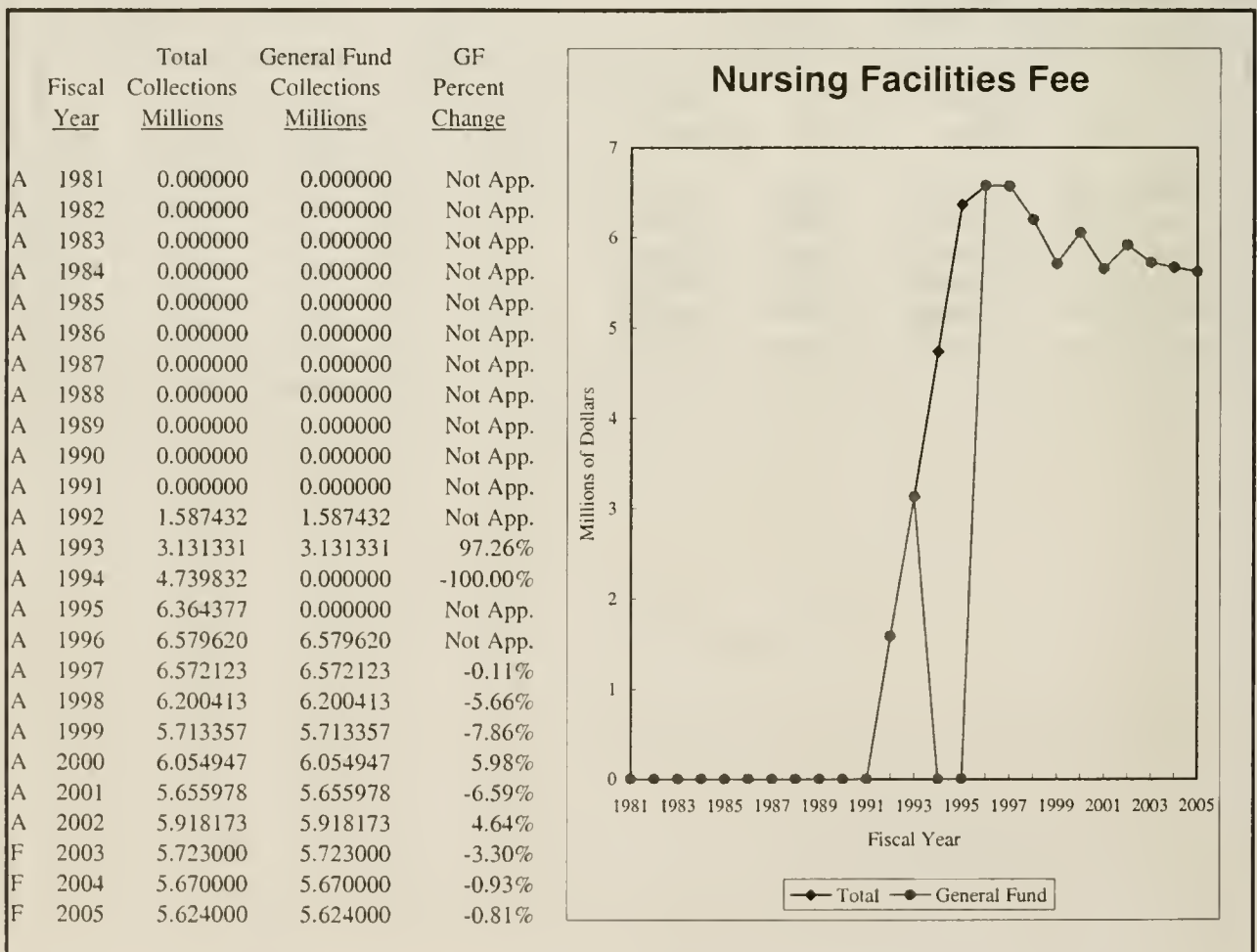
Applicable Tax Rate(s): \$2.80 per bed day

Distribution: All nursing facility fee revenue is deposited into the general fund.

Statute: Title 15, Chapter 60, MCA

% of Total FY 2002 General Fund Revenue: 0.47%

Revenue Projection:

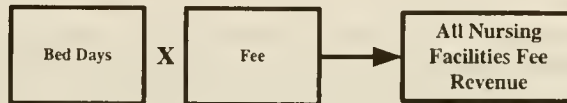


Legislative Fiscal Division

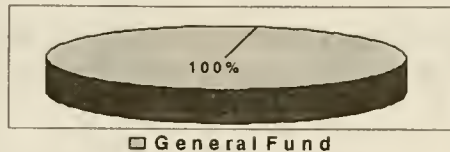
Revenue Estimate Profile

Nursing Facilities Fee

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>		<u>Bed</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Fee</u>	<u>Days</u>
Actual	2000	6.054947	6.054947	2.800000	2.113805
Actual	2001	5.655978	5.655978	2.800000	2.083501
Actual	2002	5.918173	5.918173	2.800000	2.072696
Forecast	2003	5.723000	5.723000	2.800000	2.043910
Forecast	2004	5.670000	5.670000	2.800000	2.025123
Forecast	2005	5.624000	5.624000	2.800000	2.008551

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center, Montana State Hospital (MSH), Eastern Montana Veterans' Home, Eastmont Human Services Center, Montana Chemical Dependency Treatment Center, and the Montana Veterans' Home. There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from the above sources are deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.
3. Medicaid payments from the Montana Mental Health Nursing Care Center and MSH are deposited into the federal fund and appropriated for the mental health programs.

Statute: Title 53, Chapter 1, MCA

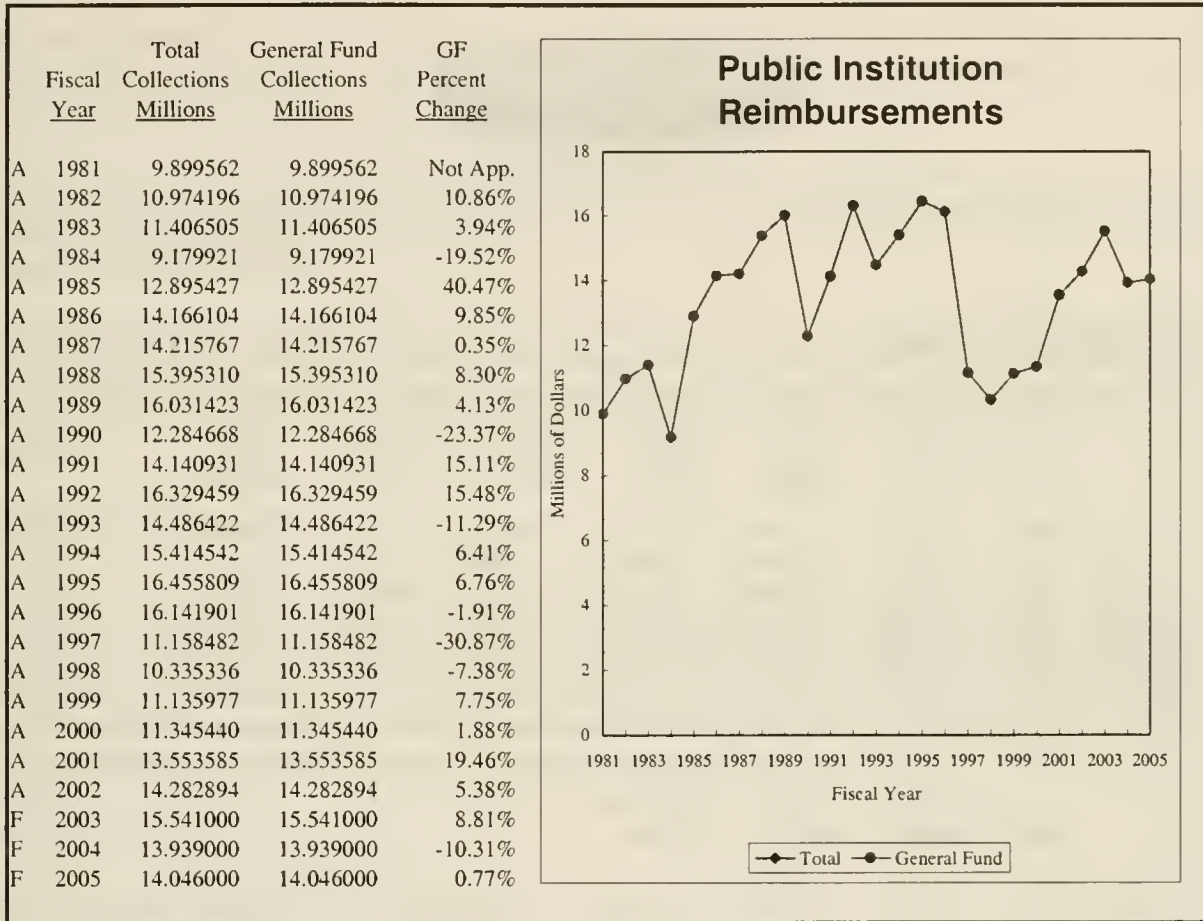
% of Total FY 2002 General Fund Revenue: 1.13%

Legislative Fiscal Division

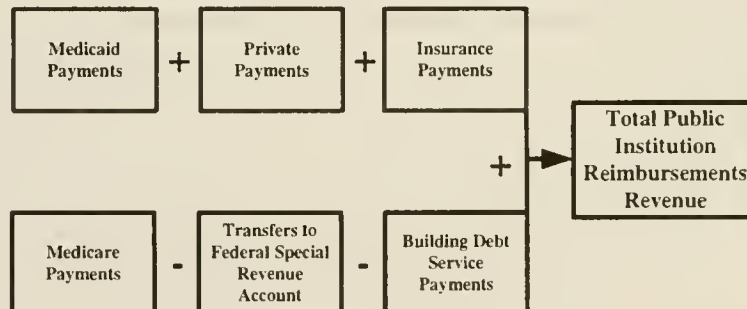
Revenue Estimate Profile

Public Institution Reimbursements

Revenue Projection:



Forecast Methodology

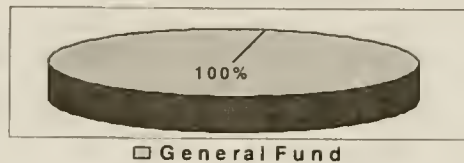


Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Distribution Methodology



Revenue Estimate Assumptions

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>Private</u>	<u>Insurance</u>	<u>Medicaid</u>	<u>Medicare</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Actual	2001	13.553585	13.553585	0.649965	0.000498	12.887899	0.015223
Actual	2002	14.282894	14.282894	1.483431	0.317047	10.994744	1.487671
Forecast	2003	15.541000	15.541000	2.165413	0.545379	14.810559	2.578494
Forecast	2004	13.939000	13.939000	2.180952	0.556214	14.739844	2.629437
Forecast	2005	14.046000	14.046000	2.200049	0.555109	14.831628	2.624241

	<u>t</u>	<u>MDC Debt</u>	<u>MSH Debt</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	-0.965496	0.000000	
Actual	2001	-1.079220	-1.909252	0.000000
Actual	2002	-1.075405	-1.911032	0.000000
Forecast	2003	-1.075425	-1.910858	-1.572893
Forecast	2004	-1.078975	-1.908668	-3.180119
Forecast	2005	-1.075735	-1.909403	-3.180119

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement with four original tobacco companies and 34 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000. One each year is expected in fiscal 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from fiscal 2008 through 2017). The Master Settlement Agreement places no restrictions on how the settling parties spend the money.

The total amount of tobacco settlement funds available to Montana may be affected by a number of adjustments. These include inflation, sales volume changes, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of states reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, disputed payments, and federal tobacco legislation offsets among others.

Applicable Tax Rate(s): NA

Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate not less than 40 percent of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. For fiscal 2003, the remaining 60 percent of the money is deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning fiscal 2004, 32 percent of the tobacco settlement money funds tobacco prevention programs and 17 percent funds the Children's Health Insurance Program. The remaining 11 percent of the money is deposited to the general fund.

Statute: Title 53, Chapter 4

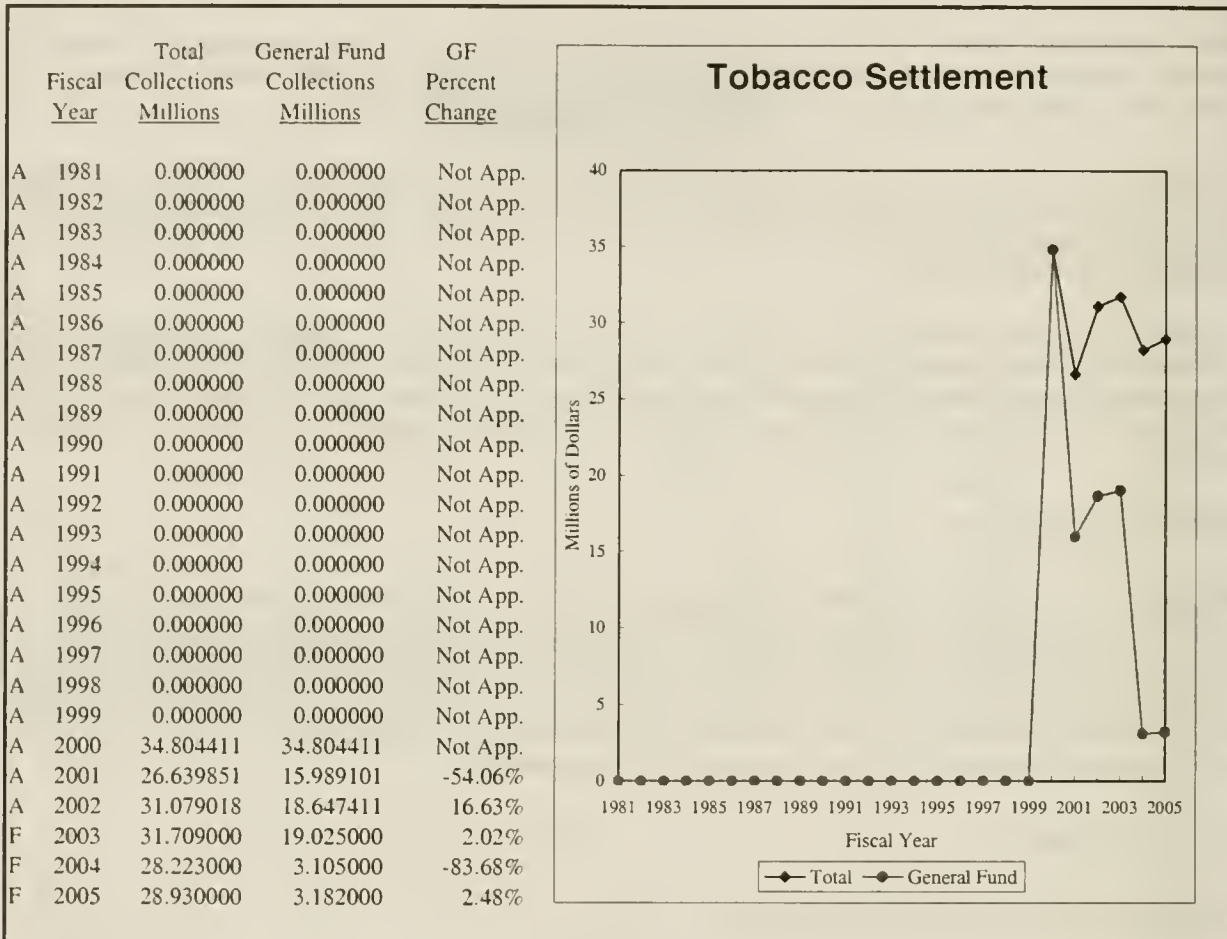
% of Total FY 2002 General Fund Revenue: 1.47%

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Projection:

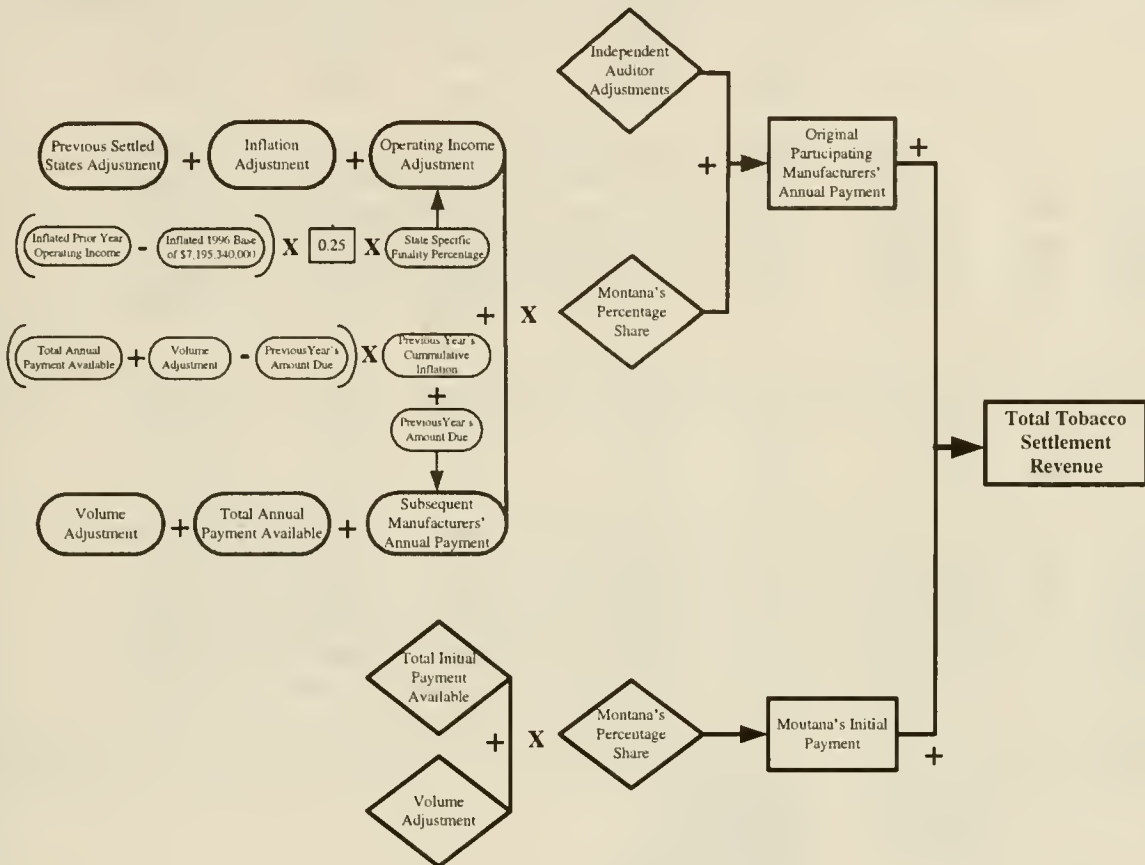


Legislative Fiscal Division

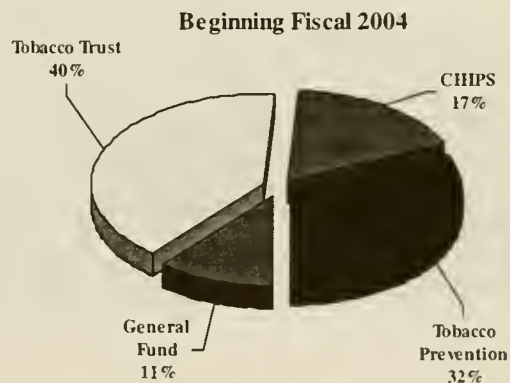
Revenue Estimate Profile

Tobacco Settlement

Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Estimate Assumptions

	t	Total Tax	GF Tax	Initial	Annual	Montana's	PSS
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Payment</u>	<u>Payment</u>	<u>Share</u>	<u>Reduction</u>
				<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000
Actual	2001	26.639851	15.989101	2546.160000	5000.000000	0.004247591	-0.124500000
Actual	2002	31.079018	18.647411	2622.544800	6500.000000	0.004247591	-0.124500000
Forecast	2003	31.709000	19.025000	2701.221144	6500.000000	0.004247591	-0.124500000
Forecast	2004	28.223000	3.105000	0.000000	8000.000000	0.004247591	-0.124500000
Forecast	2005	28.930000	3.182000	0.000000	8000.000000	0.004247591	-0.124500000

	t	Annual	Cummulative	Adjustment	Adjusted	Annual	Cummulative
	<u>Fiscal</u>	<u>Vol. Change</u>	<u>Vol. Change</u>	<u>Factor</u>	<u>Vol. Change</u>	<u>CPI Change</u>	<u>CPI Change</u>
		<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000
Actual	2001	-0.015542065	-0.153459643	0.980000000	-0.150390450	0.033868093	0.064884100
Actual	2002	-0.045780332	-0.192214542	0.980000000	-0.188370251	0.030000000	0.096830600
Forecast	2003	-0.015000000	-0.204331324	0.980000000	-0.200244698	0.030000000	0.129735500
Forecast	2004	-0.010000000	-0.212288011	0.980000000	-0.208042251	0.030000000	0.163627600
Forecast	2005	-0.010000000	-0.220165131	0.980000000	-0.215761828	0.030000000	0.198536400

	t	Op. Income	SPM
	<u>Fiscal</u>	<u>Adjustment</u>	<u>Payment</u>
		<u>Millions</u>	<u>Millions</u>
Actual	2000	40.787986	46.446683
Actual	2001	64.221594	78.134224
Actual	2002	0.000000	144.417783
Forecast	2003	0.000000	163.153896
Forecast	2004	0.000000	189.850376
Forecast	2005	0.000000	227.542586

HOUSE JOINT RESOLUTION 2



____ BILL NO. ____

INTRODUCED BY _____

(PRIMARY SPONSOR)

BY REQUEST OF THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE

A Joint Resolution of the Senate and the House of Representatives of the State of Montana establishing an official estimate of the state's anticipated general fund revenue for each year of the 2004-05 biennium for the purpose of achieving a balanced general fund budget as mandated by Article VIII, section 9, of the Montana constitution; accepting a preliminary June 30, 2002, unreserved general fund balance that was established based on generally accepted accounting principles; establishing official estimates of certain nongeneral fund revenue; and requesting that the governor's office of budget and program planning use the revenue estimates contained in this resolution as official revenue estimates for fiscal years 2003, 2004, and 2005.

WHEREAS, Article VI, section 9, of the Montana Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal period, containing in detail for all operating funds the proposed expenditures and estimated revenue of the state; and

WHEREAS, Article VIII, section 9, of the Montana Constitution prohibits the Legislature from appropriating funds in excess of the anticipated revenue of the state; and

WHEREAS, section 5-18-107, MCA, requires the Revenue and Transportation Interim Committee to estimate the amount of revenue projected to be available for legislative appropriation and to introduce a resolution setting forth the Committee's current revenue estimate for the biennium; and

WHEREAS, section 5-18-107(2), MCA, expresses the Legislature's intent that its revenue estimates and the underlying assumptions used to derive those estimates be used by all agencies in the development of fiscal notes; and

1 WHEREAS, section 5-12-302(6), MCA, requires the Legislative Fiscal Analyst to assist the Revenue and Transportation Interim Committee
2 in its revenue estimating duties; and

3 WHEREAS, to assist in its revenue estimating responsibilities, the Revenue and Transportation Interim Committee requested the expert
4 assistance of the Legislative Fiscal Analyst, as allowed in section 5-18-107(3), MCA, to provide information on taxes, the economy, and revenue
5 sources; and

6 WHEREAS, the Revenue and Transportation Interim Committee obtains the assistance of Executive Branch agencies in the development of
7 the revenue estimates; and

8 WHEREAS, the Revenue and Transportation Interim Committee has adopted revenue estimates and the underlying assumptions used to derive
9 those estimates for the general fund and for specific nongeneral fund sources that are significant in the development of the state budget for the 2005
10 biennium; and

11 WHEREAS, the amount of estimated revenue and the general fund balance affects policy decisions of the Executive Branch and the Legislative
12 Branch; and

13 WHEREAS, the revenue estimates and the underlying assumptions contained in this resolution provide the basis for a comprehensive analysis
14 of the state's revenue condition.

15
16 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

17 That the state general fund revenue for fiscal years 2003, 2004, and 2005 be estimated to be \$1,208,833,000, \$1,236,422,000, and
18 \$1,291,497,000, respectively.

19 BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the preliminary unreserved fiscal year 2002 fund balance of
20 \$83,228,000 for the general fund, prepared according to generally accepted accounting principles.

1 BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use the revenue estimates and the underlying
2 assumptions contained in this resolution as the official revenue estimates for fiscal years 2003, 2004, and 2005.

3
4 GENERAL FUND REVENUE

5 The projections for total general fund revenue for fiscal years 2003, 2004, and 2005 are based on the assumption of a continuation of Montana
6 law as it existed on January 1, 2003. The revenue estimates contained in the following tables are based on the assumptions listed in the tables that
7 follow the general fund estimates and the assumptions for each general fund revenue source contained in the "Revenue Estimates as Adopted by the
8 Revenue and Transportation Interim Committee" report prepared by the Legislative Fiscal Division.

9 Current Law

10 General Fund Revenue Estimates

11 (In Millions of Dollars)

Source of Revenue	Adjusted		
	Estimated		
	Actual	Estimated	Estimated
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Individual Income Tax	\$517.568	\$527.400	\$556.874
Statewide and Vo-Tech Property Taxes	169.339	173.277	180.179
Vehicle Tax	73.127	73.510	74.540
Corporation Income Tax	68.173	53.814	64.782
Common School Interest and Income	48.938	0.000	0.000
Insurance Tax and License Fees	47.291	51.446	56.038
			58.441

1	Video Gambling Tax	43.666	44.417	44.755	45.811
2	All Other Revenue	43.216	25.808	18.783	18.877
3	Permanent Coal Trust Interest Earnings	37.605	36.825	37.249	37.920
4	Motor Vehicle Fee	27.271	27.703	28.368	29.049
5	U.S. Mineral Royalty	19.772	22.715	23.469	22.980
6	Telecommunications Excise Tax	19.594	20.100	20.701	21.674
7	Tobacco Settlement	18.647	19.025	3.105	3.182
8	Public Institution Reimbursements	14.283	15.541	13.939	14.046
9	Estate Tax	13.816	10.153	7.516	4.625
10	Oil and Natural Gas Production Tax	12.902	16.043	14.600	14.469
11	Treasury Cash Account Interest	12.414	11.200	14.060	17.331
12	Liquor Excise and License Tax	9.514	9.854	10.239	10.624
13	Coal Severance Tax	8.469	10.221	8.384	7.857
14	Cigarette Tax	7.887	7.870	7.764	7.667
15	Lottery Profits	7.467	6.210	6.255	6.318
16	Nursing Facilities Fee	5.918	5.723	5.670	5.624
17	Liquor Profits	5.600	5.637	5.399	5.365
18	Investment License Fee	4.992	4.567	4.613	4.659
19	Electrical Energy Producers' License Tax	4.197	4.329	4.408	4.483
20	Highway Patrol Fines	4.062	4.142	4.224	4.308

1	Metalliferous Mines Tax	3.329	4.842	2.967	2.753
2	Public Contractors Tax	3.267	2.679	3.354	3.356
3	Wholesale Energy Transaction Tax	2.906	3.373	3.432	3.492
4	Beer Tax	2.784	2.918	3.058	3.205
5	Driver's License Fee	2.580	2.355	2.373	2.391
6	Tobacco Tax	2.183	2.262	2.353	2.444
7	Railroad Car Tax	1.490	1.577	1.688	1.681
8	Wine Tax	1.232	1.264	1.283	1.302
9	Telephone License Tax	0.212	0.033	0.000	0.000
10	Total General Fund	\$1,265.713	\$1,208.833	\$1,236.422	\$1,291.497

SIGNIFICANT ASSUMPTIONS FOR GENERAL FUND REVENUE ESTIMATES

Revenue and Transportation Interim Committee

13	<u>Year</u>	<u>Assumption</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
14	Individual Income Tax					
15	FY	Income Tax Audit Collections (Millions)	\$18.573	\$16.800	\$18.700	\$18.700
16	CY	Taxpayer Population (Percent Change)	0.73%	0.92%	1.23%	1.39%
17	FY	30% Bonus Depreciation (Percent Change)	100.00%	(16.67%)	(30.00%)	(119.43%)
18		Income Indicators				
19	CY	Wage and Salary Income (Percent Change)	3.70%	4.20%	4.80%	5.00%
20	CY	Net Farm Income (Percent Change)	(26.40%)	0.59%	(13.87%)	6.94%

1	CY	Interest Income (Percent Change)	(22.77%)	(11.22%)	27.20%	10.00%
2	CY	Dividend Income (Percent Change)	3.58%	4.81%	2.71%	2.34%
3	CY	Rent, Royalty, and				
4		Partnership Income (Percent Change)	7.38%	8.40%	8.06%	7.16%
5	CY	Net Business Income (Percent Change)	1.22%	0.86%	1.48%	0.72%
6	CY	Capital Gains and Losses				
7		(Percent Change)	(28.00%)	0.00%	7.50%	7.50%
8	CY	Supplemental Gains (Percent Change)	(11.97%)	(2.80%)	29.38%	(2.62%)
9	CY	Social Security Income (Percent Change)	7.46%	6.75%	6.18%	5.69%
10	CY	IRA Income (Percent Change)	0.49%	3.87%	8.04%	8.04%
11	CY	Pension Income (Percent Change)	0.49%	3.87%	5.89%	5.89%
12	CY	Other Income (Percent Change)	0.00%	0.00%	0.00%	0.00%
13	CY	Bond Interest (Percent Change)	5.30%	4.25%	6.98%	8.04%
14	CY	Federal Income Tax Refunds				
15		(Percent Change)	15.48%	0.37%	8.70%	6.02%
16	CY	Other Additions to Income				
17		(Percent Change)	8.58%	0.67%	5.55%	4.31%
18	CY	IRA Deduction (Percent Change)	8.55%	5.38%	4.41%	7.37%
19	CY	Reductions to Income (Percent Change)	(2.91%)	2.75%	4.98%	3.97%
20		Deductions From Income				

1	CY	Medical Premiums (Percent Change)	5.87%	5.87%	5.87%	5.87%
2	CY	Medical Deductions (Percent Change)	16.85%	8.51%	6.20%	6.78%
3	CY	Real Estate Tax (Percent Change)	3.00%	3.00%	3.00%	3.00%
4						
5	CY	Prior Year Federal Tax Payments				
6		(Percent Change)	1.31%	3.33%	3.22%	3.12%
7	CY	Motor Vehicle Taxes and Fees				
8		(Percent Change)	2.00%	2.00%	2.00%	2.00%
9	CY	Home Mortgage (Percent Change)	0.85%	3.78%	9.27%	9.95%
10	CY	Contributions (Percent Change)	7.84%	9.96%	7.44%	6.98%
11	CY	Gambling Losses (Percent Change)	0.00%	0.00%	0.00%	0.00%
12	CY	Total Itemized Deductions				
13		(Percent Change)	(0.20%)	3.79%	4.44%	4.19%
14		Credits				
15	CY	Home Owner and Renter Credit (Millions)	\$9.640	\$9.736	\$9.834	\$10.031
16	CY	All Credits (Percent Change)	(19.19%)	20.31	1.94%	3.57%
17	CY	Planned Gifts (Percent Change)	(52.93%)	78.98%	(10.40%)	(4.84%)
18		Other Individual Income Tax Assumptions				
19	CY	Tax Liability (Millions)	\$505.564	\$519.529	\$558.116	\$590.477
20	CY	Current Calendar Year to				

1		Fiscal Year Conversion	52.1%	52.1%	52.1%	
2	CY	Previous Calendar Year to				
3		Fiscal Year Conversion	47.9%	47.9%	47.9%	
4	FY	Fiscal Year 2002 Base (Millions)	\$517.568			
5		Property Taxes: Taxable Value and Other Property Tax Indicators				
6		Taxable Value--40-Mill, 55-Mill, and 1.5-Mill Levies				
7	FY	Property Class One (Millions)	\$7.843	\$8.691	\$8.691	\$8.691
8	FY	Property Class Two (Millions)	\$11.015	\$10.669	\$8.753	\$8.479
9	FY	Property Class Three (Millions)	\$139.057	\$138.900	\$138.483	\$138.068
10	FY	Property Class Four (Millions)	\$954.102	\$1,002.874	\$1,042.989	\$1,084.708
11	FY	Property Class Five (Millions)	\$35.668	\$35.382	\$36.373	\$37.391
12	FY	Property Class Six (Millions)	\$12.459	\$3.824	\$0.000	\$0.000
13	FY	Property Class Seven (Millions)	\$0.189	\$0.216	\$0.255	\$0.300
14	FY	Property Class Eight (Millions)	\$116.605	\$120.058	\$124.620	\$129.356
15	FY	Property Class Nine (Millions)	\$219.956	\$206.360	\$210.487	\$214.697
16	FY	Property Class Ten (Millions)	\$8.199	\$7.170	\$7.497	\$7.562
17	FY	Property Class Twelve (Millions)	\$48.658	\$46.688	\$47.896	\$48.394
18	FY	Property Class Thirteen (Millions)	\$144.488	\$137.185	\$139.929	\$142.727
19	FY	Total Taxable Value (Millions)	\$1,671.590	\$1,691.086	\$1,737.421	\$1,790.115
20		Other Property Tax Indicators				

1	FY	Tax Increment Finance Value (Millions)	\$30.530	\$30.803	\$32.423	\$34.129
2	FY	Property Tax Abatement Value (Millions)	\$3.880	\$3.870	\$3.870	\$3.870
3	FY	Taxable Value in Vo-Tech Counties				
4		(Millions)	\$563.452	\$587.107	\$602.781	\$620.677
5		Property Tax Nonlevy Revenue				
6	FY	40-Mill Nonlevy Revenue (Millions)	\$4.650	\$4.592	\$4.979	\$4.936
7	FY	40-Mill Adjustments (Millions)	(\$9.888)	(\$8.475)	(\$7.063)	(\$5.650)
8	FY	55-Mill Nonlevy Revenue (Millions)	\$16.144	\$16.056	\$16.734	\$16.572
9	FY	55-Mill Adjustments (Millions)	\$0.000	(\$0.430)	(\$0.430)	(\$0.430)
10	FY	1.5-Mill Nonlevy Revenue (Millions)	\$0.020	\$0.000	0.000	\$0.000
11	FY	1.5-Mill Adjustments (Millions)	\$0.034	\$0.000	\$0.000	\$0.000
12		Vehicle Tax				
13	FY	Large Trucks Growth Rate				
14		(Percent Change)	0.00%	2.10%	2.10%	2.10%
15	FY	Motor Home Growth Rate (Percent Change)	0.00%	2.10%	2.10%	2.10%
16	FY	Light Vehicle Growth Rate				
17		(Percent Change)	0.00%	2.10%	2.10%	2.10%
18	FY	Boat and Snowmobile Growth Rate				
19		(Percent Change)	0.00%	2.10%	2.10%	2.10%
20	FY	New Light Vehicle Registration				

		Growth Rate (Percent Change)	0.00%	2.10%	2.10%	2.10%
1						
2	Corporation License Tax					
3	FY U.S. Profits (Billions)		\$666.200	\$761.500	\$794.000	\$819.600
4	FY Penalty and Interest (Millions)		\$1.659	\$0.000	\$0.000	\$0.000
5	FY Corporate Income Tax Audits (Millions)		\$4.257	\$4.500	\$4.000	\$3.500
6	FY Depreciation (Millions)		\$0.000	(\$5.000)	(\$3.500)	\$0.680
7	FY Adjustments (Millions)		\$0.000	(\$9.000)	\$0.000	\$0.000
8	Insurance Premiums Tax and License Fees					
9	FY General Fund Fee Revenue (Millions)		\$0.291	\$0.291	\$0.291	\$0.291
10	FY Genetics Fee (Millions)		\$0.570	\$0.575	\$0.575	\$0.575
11	FY Premiums Tax (Millions)		\$47.678	\$52.823	\$56.790	\$59.193
12	FY Offsets (Millions)		\$0.736	\$1.843	\$1.218	\$1.218
13	FY Refunds (Millions)		\$0.513	\$0.400	\$0.400	\$0.400
14	Video Gambling Tax					
15	FY Video Machine Net Income (Millions)		\$290.307	\$296.114	\$302.036	\$308.076
16	Motor Vehicle Fee--General Fund Allocations					
17	FY Motor Vehicle Registration Fee					
18	(Millions)		\$21.180	\$21.491	\$22.007	\$22.535
19	FY Recording of Liens Fee (Millions)		\$0.728	\$0.745	\$0.763	0.782
20	FY Title Fee (Millions)		\$2.353	\$2.409	\$2.467	\$2.526

1	FY	Personal License Plate Fee (Millions)	\$1.270	\$1.300	\$1.331	\$1.363
2	FY	New License Plate Fee (Millions)	\$0.525	\$0.537	\$0.550	\$0.563
3	FY	Computer Fee (Millions)	(\$0.001)	\$0.000	\$0.000	\$0.000
4	FY	Highway Patrol Fee (Millions)	\$0.024	\$0.000	\$0.000	\$0.000
5	FY	Senior Citizen Transit Fee (Millions)	\$0.109	\$0.111	\$0.114	\$0.117
6	FY	Other Fees (Millions)	\$1.084	\$1.110	\$1.137	\$1.164
7	U.S.	Mineral Royalty				
8	CY	Oil Production (Millions of Barrels)	2.920	2.955	2.987	3.101
9	CY	Coal Production (Millions of Tons)	24.299	22.001	23.315	20.827
10	CY	Natural Gas Production (MMCF)	23.708	25.719	27.569	29.271
11	CY	Oil Price (Per Barrel)	\$22.519	\$21.711	\$21.224	\$20.737
12	CY	Coal Price (Per Ton)	\$8.465	\$8.300	\$8.195	\$7.730
13	CY	Natural Gas Price (Per MCF)	\$2.574	\$3.842	\$3.727	\$3.624
14	CY	Oil Royalty Rate (Percent)	10.97%	10.94%	10.96%	10.93%
15	CY	Coal Royalty Rate (Percent)	12.34%	12.32%	12.32%	12.33%
16	CY	Natural Gas Royalty Rate (Percent)	12.28%	12.29%	12.29%	12.30%
17	CY	Other Royalties (Millions)	\$0.108	\$0.108	\$0.107	\$0.108
18	CY	Rent and Bonus (Millions)	\$4.432	\$4.450	\$4.426	\$4.226
19	CY	Administration Fee (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
20	FY	One-Time Settlement (Millions)	\$0.000	\$0.000	\$0.000	\$0.000

1	FY	TRANS Issue Size (Millions)	\$0.000	\$92.800	\$65.500	\$65.500
2		Liquor Excise and License Tax				
3	FY	Tribal Distributions (Millions)	(\$0.133)	(\$0.138)	(\$0.144)	(\$0.149)
4		Coal Severance Tax				
5	CY	Severance Tax Coal Production				
6		(Million Tons)	33.392	32.806	33.065	29.950
7	CY	Montana Contract Sales Price				
8		(Weighted CSP/Ton)	\$6.293	\$6.219	\$6.219	\$5.957
9		Cigarette Tax				
10	FY	Cigarette Packs (Millions)	67.334	67.195	66.288	65.459
11	FY	Effective Tax Rate Per Pack (Cents)	16.41	16.41	16.41	16.41
12	FY	Tribal Distribution (Millions)	(\$0.254)	(\$0.254)	(\$0.250)	(\$0.247)
13		Lottery Profits				
14	FY	Total Lottery Sales (Millions)	\$33.632	\$30.597	\$30.765	\$30.933
15	FY	Lottery Interest Earnings (Millions)	\$0.146	\$0.089	\$0.132	\$0.192
16	FY	Other Revenue (Millions)	\$0.039	\$0.039	\$0.039	\$0.039
17	FY	Lottery Operating Budget (Millions)	\$6.855	\$6.855	\$6.924	\$6.993
18	FY	Lottery Prizes and Commissions				
19		(Millions)	\$19.086	\$17.660	\$17.757	\$17.854
20		Nursing Facilities Fee				

1	FY	Bed Days (Millions)	2.073	2.044	2.025	2.009
2	Liquor Profits					
3	FY	Gross Liquor Sales (Millions)	\$62.515	\$64.730	\$67.260	\$69.791
4	FY	Cost of Goods Sold (Millions)	\$35.767	\$37.117	\$38.682	\$40.256
5	FY	Liquor Discounts and Commissions				
6		(Millions)	\$6.797	\$7.038	\$7.313	\$7.589
7	FY	Liquor Operating Costs (Millions)	\$1.416	\$1.530	\$1.519	\$1.523
8	FY	Other Income (Millions)	\$0.001	\$0.000	\$0.000	\$0.000
9	Investment License Fee					
10	FY	License Registration (Percent Change)	(15.23%)	(8.50%)	1.00%	1.00%
11	FY	Portfolio Growth (Percent Change)	(3.41%)	1.00%	1.00%	1.00%
12	FY	Expense Growth (Percent Change)	49.16%	3.00%	0.00%	0.00%
13	Electrical Energy Tax					
14	FY	Kilowatt Hours Produced (Millions)	21,642.219	21,645.402	22,040.741	22,417.203
15	Highway Patrol Fines					
16	FY	Highway Patrol Fines (Percent Change)	2.04%	1.98%	1.98%	1.98%
17	Metalliferous Mines Tax					
18	CY	Copper Production (Million lb)	0.343	0.391	0.391	0.391
19	CY	Silver Production (Million oz)	0.748	0.751	0.738	0.738
20	CY	Gold Production (Million oz)	0.184	0.219	0.076	0.076

1	CY	Lead Production (Million lb)	10.768	10.768	10.768	10.768
2	CY	Zinc Production (Million lb)	23.819	23.819	23.819	23.819
3	CY	Molybdenum Production (Million lb)	0.000	0.000	0.000	0.000
4	CY	Palladium Production (Million oz)	0.493	0.563	0.563	0.563
5	CY	Platinum Production (Million oz)	0.147	0.167	0.167	0.167
6	CY	Nickel Production (Million lb)	0.769	0.878	0.878	0.878
7	CY	Rhodium Production (Million oz)	0.004	0.005	0.005	0.005
8	CY	Sapphire Production (Million oz)	0.000	0.000	0.000	0.000
9	CY	Iron Oxide Production (Million lb)	0.000	0.000	0.000	0.000
10	CY	Copper Sulfide Production (Million lb)	0.000	0.000	0.000	0.000
11	CY	Copper Price (Per lb)	\$0.635	\$0.630	\$0.633	\$0.631
12	CY	Silver Price (Per oz)	\$4.630	\$4.440	\$4.680	\$4.900
13	CY	Gold Price (Per oz)	\$306.000	\$322.000	\$332.000	\$324.000
14	CY	Lead Price (Per lb)	\$0.219	\$0.215	\$0.213	\$0.216
15	CY	Zinc Price (Per lb)	\$0.378	\$0.378	\$0.378	\$0.378
16	CY	Molybdenum Price (Per lb)	\$0.000	\$0.000	\$0.000	\$0.000
17	CY	Palladium Price (Per oz)	\$321.000	\$321.000	\$321.000	\$321.000
18	CY	Platinum Price (Per oz)	\$500.000	\$500.000	\$500.000	\$500.000
19	CY	Nickel Price (Per lb)	\$2.025	\$2.025	\$2.025	\$2.025
20	CY	Rhodium Price (Per oz)	\$1,404.395	\$1,404.395	\$1,404.395	\$1,404.395

1	CY	Sapphire Price (Per oz)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2	CY	Iron Oxide Price (Per lb)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
3	CY	Copper Sulfide Price (Per lb)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
4	FY	Effective Tax Rate (Percent)	1.61%	1.61%	1.61%	1.61%	1.61%
5	Public Contractor's Tax						
6	FY	Tax Before Credits (Millions)	\$5.055	\$5.282	\$5.995	\$6.037	
7	FY	Credits and Refunds (Millions)	\$1.788	\$2.603	\$2.640	\$2.681	
8	Wholesale Energy Tax						
9	CY	Kilowatt Hours (Millions)	22,987.512	23,398.127	23,794.854	24,218.358	
10	FY	Kilowatt Hours (Millions)	22,775.158	22,489.410	22,880.160	23,278.167	
11	FY	Credits for Taxes Paid (Million)	\$0.000	\$0.000	\$0.000	\$0.000	
12	Beer Tax						
13	FY	Beer Barrels (Million)	0.881	0.924	0.968	1.014	
14	FY	Tribal Distribution (Million)	(\$0.035)	(\$0.037)	(\$0.039)	(\$0.041)	
15	FY	Effective Tax Rate (Percent)	4.17%	4.17%	4.17%	4.17%	
16	Driver's License Fees						
17	FY	Driver's License Fees (Millions)	\$1.979	\$1.633	\$1.649	\$1.665	
18	FY	Duplicate License Fees (Millions)	\$0.095	\$0.079	\$0.079	\$0.080	
19	FY	Motorcycle Endorsement Fees (Millions)	\$0.015	\$0.130	\$0.131	\$0.132	
20	FY	Interstate Commercial Vehicle					

1		Endorsement (Millions)	\$0.420	\$0.420	\$0.420	\$0.420
2	FY	Intrastate Commercial Vehicle				
3		Endorsement (Millions)	\$0.093	\$0.093	\$0.093	\$0.093
4		Tobacco Tax				
5	FY	Value of Tobacco Products (Millions)	\$17.828	\$18.473	\$19.218	\$19.963
6	FY	Tribal Distribution (Millions)	(\$0.046)	(\$0.047)	(\$0.049)	(\$0.051)
7		Railroad Car Tax				
8	CY	Total MT Market Value of Fleets				
9		(Millions)	\$89.657	\$93.550	\$95.585	\$97.160
10	CY	Taxable Value Rate (Percent)	4.21%	4.02%	4.00%	3.92%
11	CY	95% of Industrial and				
12		Commercial Mill Levy	400.980	419.250	441.320	441.320
13		Wine Tax				
14	FY	Wine Liters (Million)	6.725	6.905	7.007	7.109
15	FY	Tribal Distribution (Million)	(\$0.021)	(\$0.022)	(\$0.022)	(\$0.022)

SELECTED NONGENERAL FUND REVENUE

The projections for selected nongeneral fund revenue during the 2005 biennium are based on the assumption of a continuation of Montana law as it existed on January 1, 2003. The revenue estimates contained in the following table are based on the assumptions listed in the tables that follow the nongeneral fund estimates and the assumptions for each nongeneral fund revenue source contained in the "Revenue Estimates as Adopted by the Revenue and Transportation Interim Committee" report prepared by the Legislative Fiscal Division.

Current Law

Selected Nongeneral Fund Revenue Estimates

(In Millions of Dollars)

<u>Source of Revenue</u>	Actual <u>FY 2002</u>	Estimated <u>FY 2003</u>	Estimated <u>FY 2004</u>	Estimated <u>FY 2005</u>
Gasoline Tax	\$128.001	\$128.696	\$129.415	\$130.128
Diesel Tax	56.094	56.951	57.821	58.703
Common School Interest and Income	50.875	51.175	49.745	49.631
GVW and Other Fees	27.266	27.037	26.729	26.377
Federal Forest Receipts	13.475	13.583	13.775	13.976
Lodging Facility Use Tax	11.901	12.441	13.005	13.595
6-Mill Property Tax	11.806	11.627	11.989	12.292
Resource Indemnity Trust Interest	7.321	7.376	7.377	7.379
Treasure State Endowment Trust Interest	6.805	7.201	7.871	8.472
Gasoline Storage Tank Tax	3.729	3.750	3.770	3.790
Resource Indemnity Trust Tax	2.201	1.080	1.055	1.062
Diesel Storage Tank Tax	2.166	2.229	2.220	2.200
Parks Trust Interest Earnings	1.106	1.114	1.127	1.153
Capital Land Grant Interest and Income	1.101	0.827	0.822	0.613

1	Tobacco Trust Interest Earnings	0.968	1.741	2.464	3.253
2	Regional Water Trust Interest Earnings	0.643	1.151	1.404	1.670
3	Pine Hills Interest and Income	0.355	0.348	0.358	0.363
4	Arts Trust Interest Earnings	0.305	0.314	0.322	0.337
5	9-Mill Property Tax	0.286	0.000	0.000	0.000
6	Deaf and Blind Trust Interest and Income	0.284	0.292	0.295	0.298
7	Total Nongeneral Fund	326.689	328.933	331.564	335.292

SELECTED ASSUMPTIONS FOR NONGENERAL FUND REVENUE ESTIMATES

Revenue and Transportation Interim Committee

11	<u>Year</u>	<u>Assumption</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
12		Gasoline Tax				
13	FY	Taxable Gallons of Gasoline (Millions)	504.614	507.328	510.057	512.800
14	FY	Taxable Gallons of Gasoline--				
15		Storage Tank Cleanup (Millions)	497.261	499.936	502.624	505.328
16	FY	Refunds (Millions)	(\$3.153)	(\$3.170)	(\$3.187)	(\$3.204)
17	FY	Tribal Distribution (Millions)	(\$3.729)	(\$3.743)	(\$3.736)	(\$3.740)
18	FY	Alcohol Incentive (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
19		Diesel Tax				
20	FY	Taxable Gallons of Diesel (Millions)	218.597	221.936	225.325	228.766

1	FY	Taxable Gallons of Diesel--				
2		Storage Tank Cleanup (Millions)	288.854	297.210	296.035	293.265
3	FY	Refunds (Millions)	(\$3.960)	(\$4.020)	(\$4.082)	(\$4.144)
4		GVW Fees				
5	FY	GVW Fees (Millions)	\$8.814	\$8.868	\$8.922	\$8.977
6	FY	Form 3 GVW Fees (Millions)	\$0.860	\$0.843	\$0.847	\$0.844
7	FY	Trip Permit Fees (Millions)	\$0.441	\$0.441	\$0.441	\$0.441
8	FY	County GVW Fees (Millions)	\$8.933	\$8.135	\$8.185	\$8.235
9	FY	New Car Sales Tax (Millions)	(\$0.640)	\$0.000	\$0.000	\$0.000
10	FY	Overweight Trip Permit Fees (Millions)	\$1.845	\$1.954	\$2.067	\$2.172
11	FY	Special Permit Fees (Millions)	\$0.903	\$0.910	\$0.923	\$0.932
12	FY	Temporary Fuel Permits (Millions)	\$0.108	\$0.111	\$0.111	\$0.111
13	FY	Other Fees (Millions)	\$0.401	\$0.401	\$0.401	\$0.401
14		Other 6-Mill Levy Indicators (See General Fund Property Tax Assumptions for Other Detail)				
15	FY	Taxable Value (Millions)	\$1,698.239	\$1,718.019	\$1,765.974	\$1,820.373
16	FY	Nonlevy Revenue (Millions)	\$1.579	\$1.319	\$1.393	\$1.370
17	FY	6-Mill Adjustments (Millions)	\$0.000	\$0.000	\$0.000	\$0.000
18						
19		- END -				



200 copies of this public document were published at an estimated cost of \$8.75 per copy, for a total cost of \$1,750.00, which includes \$1,750.00 for printing and \$0.00 for distribution.

This document printed on recycled paper.